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ABSTRACT

Goals, objectives, and strategies for development in the 13 states involved in the Appalachian Regional Commission (ARC) are detailed in this document adopted by ARC in 1977. The regional development plan incorporates earlier evaluation and program design efforts, discussion from an issues report, state comments and development plans, and public meetings results. A section on Appalachia today records conditions (geography, population, jobs, incomes, housing and community facilities, health and education, energy, natural resources, government) and issues (growth, human services, natural resources, cooperation between governments and government and the private sector). Regional goals are discussed in terms of: economic development and institutional demonstration of this Federal multistate mechanism for improved performance of government. The last half of the document covers development policies (aimed at achieving the most return from limited funds allocated to help the region solve its special problems and promote its economic development) and development strategies, under which objectives for seven major functional areas are outlined: transportation, community development (in rural, suburban, and urban areas), human services (health, education, child development), energy, natural resources, and government. (RS)

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GOALS, OBJECTIVES AND DEVELOPMENT STRATEGIES FOR APPALACHIA

The Appalachian Regional Commission
1666 Connecticut Avenue, N.W.
Washington, D. C. 20235
December 1977

FOREWORD

The 1975 Amendments to the Appalachian Regional Development Act of 1965 broaden the mandate of the development program of the Appalachian Regional Commission (ARC) and require a rethinking of ARC's goals and objectives for the Region. The amendments specifically call upon the Commission to prepare a regional development plan for Appalachia as a policy document to guide ARC investments in the Region. The Congress indicated that the regional plan should (1) articulate goals and objectives for the Region and (2) form the framework within which the annual state development plans of the Commission's 13 member states are to be prepared.

The Congress further directed that the ARC regional plan be a changing, not a static document, subject to continual review and revision in the light of changing regional priorities, conditions and objectives. Goals and objectives from the state development plans will be major sources in drawing up the regional plan to assure that the latter will reflect these changes within Appalachia.

The ARC development planning process as presently established consists of ongoing activities and actions which produce a number of related documents. At the Commission level the components of this regional plan process are as follows:

- The statement of multistate regional policies as incorporated in this document, Goals, Objectives and Development Strategies for Appalachia, adopted December 8, 1977 by the Commission. These policies provide the framework for a development program for the Region; provide guidance for preparation of the 13 state development plans, the annual implementing investment programs and the areawide action programs at the substate district level.

- The policies developed and recommended by regionwide conferences and adopted by the Commission, such as those recommendations included in the task force reports of the Appalachian Conference on Balanced Growth and Economic Development which were incorporated in a series of resolutions adopted by the Commission on December 8, 1977.

- The statement of Commission policy and guidelines for program administration set forth in the ARC Code.

- The funding policies included in the current fiscal year Budget Plan, submitted to the Office of Management and Budget, and the Program Budget, submitted to the appropriations committees of the Congress.

- The individual state development policies included in their current development plans and investment programs, which are approved annually by the Commission. Summaries of these plan objectives, needs and priorities and investment programs are presented in the annual Abstracts volume.

- The basic data and analysis regarding the Region's economic and social well-being included in Appalachia -- A Reference Book and Appalachia -- An Economic Report.

This summary of a very complex regional planning and programming process, covering a diverse Region concerned with three levels of government, reflects a series of decisions made by the Commission in initiating the process called for in amendments to the Act.

HARRY TETER, JR.
Executive Director

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PREFACE

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Goals, Objectives and Development Strategies for Appalachia is to be incorporated in a regional plan for Appalachia. There are four primary purposes for the regional plan: to bring together in a single process the policy, programmatic thrusts and rationale of a development program for the Region; (2) to provide, in conjunction with the ARC code and program budget, a policy framework for the program; (3) to provide regional guidance for the preparation of state plans and, through them, the areawide action programs; and (4) to communicate Commission-approved regional policies to federal, state and local agencies, the Administration, Congress, and the Office of Management and Budget. Thus, the plan is designed to serve as a policy plan for the development of the Region and as a tool for the administration of the Commission program.

In Chapters I and II of this document, emphasis is placed on conditions, issues and goals for the Region. Chapter III concentrates on the ARC's role in meeting the Region's needs through a set of development policies and strategies.

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In its 1964 recommendations, the President's Appalachian Regional Commission noted that "...we have not created a complete 'plan for Appalachia' -- a document setting forth in great detail a complete range of actions needed." Instead, this special advisory group suggested that two steps be taken around which a complete program could be created: (1) an immediate or short run investment to provide basic facilities and programs and (2) a regional organization to allow maximum use of both existing and new resources in a continuing development effort. These two fundamental principles were incorporated into the Appalachian Regional Development Act of 1965.

The Appalachian Regional Commission (ARC), a creation of the Act, proceeded to establish a state development planning process and shape planning and program policies into an operating code. The Commission did not, however, develop a regional plan. In 1970, it undertook an evaluation of its five years of experience and published the results as The Appalachian Experiment, 1965-1970. Five years later, at the end of ARC's first decade, an extensive program design effort began. It consisted of a series of special studies directed by Commission subcommittees and a series of special public meetings held throughout the Region. The results were submitted to Congress in "A Report Prepared to Support and Explain a Proposed Legislative Program, Adopted in September 1974, for the Appalachian Regional Commission."

In 1975, when amendments to the Act were under consideration, Congress recognized that patterns of development in Appalachia had changed and that alterations should be made in the Act's program emphasis. An amendment was added to the Act's statement of purpose

acknowledging these changing conditions and focusing particular emphasis on the nation's critical energy supply problem. Congress directed the Commission to assess these changes and prepare a regional plan that would define goals, objectives and priorities for the development of the 13-state area.

The regionwide planning effort was launched with an ARC report that set forth basic policy issues facing the Region -- Appalachia Today: Issues and Problems. On November 9, 1976, the Commission approved a resolution which provided that the Commission would, "Prepare and adopt an overall Regional Plan, establishing a set of goals, objectives, policies and priorities for the entire Region for the planning and coordination of local, state and federal development efforts for the best use of public funds and the stimulation of private investment for development." The resolution also approved the areas of consideration (drawn from the issues presented in Appalachia Today) to be addressed in the plan. Finally, it provided a schedule for developing the plan in consultation with the states and for holding a series of public meetings to refine the issues and analysis.

The issues report was widely distributed as a basis for discussion at public meetings. Such meetings were held by all of the states in cooperation with their local development districts. Summaries of the meetings were prepared by the states and submitted to the Commission, along with state conclusions and comments.

Earlier evaluation and program design efforts, the issues discussion report, state comments and development plans, and public meeting results were the basis for a preliminary draft of "Goals and Objectives of the Regional Plan" prepared for review at a Commission meeting. This draft draws upon all of these materials.

It should be emphasized that the development of the regional plan is a continuous process; it is also only one aspect of the Commission's ongoing planning and policy development activities. These activities include program development, evaluation, special studies, adoption of policies by resolution at Commission meetings, the adoption and revision of the ARC code, the development of the Commission program budget and state and district Appalachian development planning. This ongoing process also allows numerous opportunities for direct public participation in the formulation of policies for Appalachia. The regional plan will annually bring together the results of all these activities.

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There are four primary purposes for this document: (1) to bring together in a single document the policy, programmatic thrusts and rationale of a development program for the Region; (2) to provide, in conjunction with the ARC code and program budget, a policy framework for the program; (3) to provide regional guidance for the preparation of state plans and, through them, the areawide action programs; and (4) to communicate Commission-approved reigonal policies to federal, state and local agencies, the Administration, Congress, and the Office of Management and Budget.

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ISSUES

Although there are many specific problems and issues facing Appalachia's people, communities and governments, many broad concerns cut across all political and cultural boundaries. These concerns involve choices that, in turn, will affect the lives of all Appalachians.

Appalachia's economy appears to be expanding. Growth in employment, however, has not been evenly distribututed. The Region must continue to concentrate on retaining its present level of employment by offering older industries and companies the services and amenities that will keep them in the Region; on expanding its nonindustrial or service job market through manpower training and the development of such employment areas as recreation and tourism; and, on creating new jobs by diversifying its industrial base through the attraction of new firms.

During the 1970s a basic change in living patterns has begun to emerge in the Region. Large metropolitan cities have been experiencing limited growth and in some cases face declines in population and economic activity, whereas, smaller communities are experiencing new growth in and around their boundaries. These small cities, which include urban clusters and unincorporated places, will become the urban frontier of Appalachia. A balanced growth policy must account for these emerging settlement patterns.

The creation of these new jobs means change--not only change in the form of reduced unemployment and increased incomes, but change in the people and land. A balance must be achieved--a balance between unlimited growth and the kind of decline that many of the Region's communities have suffered.

A growth policy that seeks balance must overcome certain basic obstacles. These include the difficulty of controlling the use of land, the near-automatic rise in taxes when growth pressures are felt, the widespread lack of a revenue base to supply funds for new community facilities when growth causes an increase in the public demand for services, and the different needs of various parts of the Region.

In the northern states, for example, among the problems that growth policy must deal with is not only how to stabilize the economic situation in communities with few prospects for growth, but how to avoid harmful decline. In the central and southern states, a major problem is how to cope with new and rapid growth when it occurs in a generally rural setting. Here policies must be developed to limit haphazard development, reduce harmful environmental impacts and promote new methods of providing pbulic services.

No matter how far the Region goes in the development of growth policies at the local, state and multistate levels, however, these efforts will not be fully realized until the national government, too, addresses these issues.

The cost of delivering human services to a scattered, dispersed population is extremely high. Human services are steadily improving, but rural Appalachia still lacks the basic level of services in health and education that are available to people in other parts of the nation. These problems place a premium on Appalachian solutions that produce efficient and effective services. A high priority must be given to innovation. New services that demonstrate different but effective and efficient ways of helping Appalachia must be funded and aggressively advocated at the regional and federal levels.

Appalachia has special problems related to its resources. Solving these problems requires imaginative approaches that take into account the needs of the nation and the Region. Coal vividly dramatizes the situation. One the one hand, it has been a great source of prosperity for many Appalachians; on the other hand, it has caused severe damage to the Region's environment. Consequently, Appalachia must define and implement a policy that aims at balancing coal production with long-term economic and social benefits for the people.

Only through joint efforts among different levels of government and between government and private enterprise can the Region's full potential be realized. The key to this effort is creation of a public and private management process through which goals for the Region's future can be developed, decisions made, and the human and natural resources of the Region focused on the business at hand. The Region needs assistance in meeting its special problems, but it must respond through its own efforts applied through its own institutions.

Local governments need support and assistance so that they can function effectively, learn the most effective ways of doing their business, attract able and dedicated public servants, and provide their

public servants with continuing opportunities for increasing their skills and abilities. The local development districts must be used as a mechanism through which local governments can pool their resources and jointly undertake activities which may be beyond their individual capabilities. Much of the climate and framework for cooperation among governments and between government and the private sector is provided by the state. Thus, state leadership is a cardinal ingredient in the effective functioning of this system.

REGIONAL GOALS

When Congress passed the Appalachian Regional Development Act in 1965, it had two overall purposes in mind: to help overcome the economic distress that remained in spite of prior remedial efforts; and to demonstrate the effectiveness of a new approach to federal-state relations through a mechanism for joint decision-making. Even though conditions in the Region and nation changed in the intervening years, these purposes continue to be central to ARC's operation. Achievement of the Congressional purposes, however, goes beyond the direct measures which ARC can implement. It requires concerted activity from all levels of government and the private sector. ARC's role includes being an advocate of the coordination and alteration of programs to better focus them on Appalachia's needs and opportunities. In addition, ARC develops the program tools from which each state may select a combination that best addresses its priority needs and opportunities.

The Economic Development Purpose

In its 1965 statement of purpose, Congress expected that the "region will generate a diversified industry, and that the region will then be able to support itself." This continues to be the focus of the Commission's eocnomic development goal.

In harmony with this expression of Congressional purpose, ARC has followed the following overall economic development goal:

> TO BUILD THE FOUNDATION FOR A VIGOROUS, DIVERSIFIED, SELF-SUSTAINING APPALACHIAN ECONOMY THAT AFFORDS A WIDE RANGE OF SOCIAL AND ECONOMIC OPPORTUNITIES FOR THE PEOPLE OF THE REGION.

Far-reaching goals of this nature are of limited utility unless defined by specific program goals. However, because they are utilized to achieve this common goal, the programs themselves must be viewed as an interdependent group. They are selected not only for the direct benefits they confer, but also because taken together they make an even greater contribution to meeting the economic development goal. A complex process of interaction exists, resulting in the need to view economic development programming both in its individual elements and as a

concerted approach to the overall goal. It is important to understand that the content and organization of this planning document reflect this principle.

The Institutional Demonstration Purpose

The Commission was established as a trial for a new mode of federal-state relations. It tests a novel idea: an agency with broad economic development authority that combines state and federal perspectives in the setting of policies and priorities. Shared responsibility and a new forum for achieving new perspectives and compromises was to be attempted within the Commission. Congress was very specific in identifying that one of its purposes was "to establish a framework for joint federal and state efforts." The new mechanism undertook to pioneer a process of review, assessment, planning, implementation and evaluation that extends to the local district level.

The federal government should continue to monitor this experiment and assess its applicability to other situations, areas and geographic configurations. ARC should continue to refine the operation of the mechanism created. Federal agencies should be urged and assisted to fulfill the Congressional mandate to conform wherever possible to the plans and priorities created in the regional economic development process. The states should seek additional ways to assure that the gubernatorial priorities established in state development plans are followed in all operations of state agencies and should also seek new applications of the flexibility and strength that the regional mechanism makes available.

PROGRAM DEVELOPMENT POLICIES AND STRATEGIES

Development Policies

ARC has adopted a number of development policies designed to use its funds as effectively as possible to get the greatest return. These policies have been applied across program areas and have emphasized the strategic use of available funds by investing them selectively in priority projects which have both an immediate use and a broader long-range impact:

1. To maximize the impact of limited public resources in order to maintain and expand Appalachia's economic activity by concentrating such investment in areas with significant existing or potential capacity to function as centers of economic activity, while also efficiently providing supportive health and education investments in these or other locations accessible to concentrations of people.

2. To use limited Commission funds to leverage additional resources for the economic development of the Region.

3. To encourage joint areawide and interstate efforts which produce economies of scale in providing a higher level of service more efficiently.

4. To continue and strengthen the development planning and programming system to provide a process through which all levels of governments can participate jointly in determining policies and priorities and programming funds to contribute to the economic development of the Region.

5. To demonstrate new and innovative approaches to the economic development of the Region, to evaluate the effectiveness of these approaches and encourage their use and adoption.

6. To strengthen the capacity of federal, state and local public and private institutions to promote and sustain regional development.

Development Strategies

Because of its broad goal of fostering the economic development of a region lagging behind the rest of the nation, the Commission's responsibilities and program activities are interrelated and cut across conventional functional program areas to a greater extent than those of most agencies. Its regional goals and development policies are indicative of this broader approach and they illustrate the extent of the interrelationships. However, the Commission's actual implementation activities, both in its direct program grant and technical assistance role and in its advocacy role, are concerned with specific activities having specific impact on certain segments of the total economic and social picture. Therefore, the following development strategies, which establish the policies for ongoing ARC activities and provide a framework for state and related LDD planning and programming, are presented in seven major functional areas. Viewed in relationship to the broad regional goals and policies, the linkages and interrelationships among the functional programs will become apparent.

Transportation: The Commission's transportation objectives emphasize a basic development strategy--the key to an accelerated rate of economic growth involves the efficient movement of people and goods within, to and from the Region. The Appalachian Development Highway System is the foundation of this strategy and remains ARC's top priority. Building only highways, however, does not serve all the transportation needs of Appalachia's people and great natural resources. Other needs are the establishment of adequate rail service; the development of inland waterways, airports and air carriers; and the development of rural public transit.

The transportation policies follow:

1. To complete the construction of the Appalachian Development Highway System at the earliest possible time.

2. To provide adequate road access to key developable sites, which will significantly contribute to the economic development of an area.

3. To ensure that the rail system will support existing and potential economic activity throughout the Region.

4. To improve the movement of waterborne freight by supporting appropriate improvements to existing waterways, particularly the completion of the Tennessee-Tombigbee Waterway, and development of port navigable rivers in the Region.

5. To encourage private enterprise to expand third-level air carrier (commuter airlines) services to a larger number of Appalachian communities.

6. To explore and demonstrate the consolidation of existing rural public transportation services for general public use in small communities and rural areas.

Community Development: Policies and programs for community development are not based on an exclusive set of issues separate from the other segments of the plan. They are, in fact, major threads which are woven into most of the other policy and program areas. Community development transcends the sum of its parts and is an opportunity to cross-relate basic development policies and collectively apply them to individual program areas. This dicsussion of community development policy is selective and oriented to a practical ARC program perspective. It should be ocnsidered and applied in conjunction with each of the other program areas. Development problems that should be addressed in Appalachia encompass all types of settlement patterns--in fact, solutions to these problems more often than not depend on complementary and concurrent actions taking place in all types of settlement.

The Community development policies are:

1. To promote economic development and improved living conditions in the Region through Community Development strategies which recognize varying settlement patterns; particularly the emerging role of smaller cities, and to protect the value of public investments made in the Region by overcoming obstacles to desirable land development.

2. To make additional public investments in the Region's infrastructure which wil capitalize on the ability of key functional services and programs to guide the pattern of future settlement and promote economic development in defined growth areas.

3. To assist states, districts and local governments to strengthen their capability to administer and participate in community development by attracting and retaining able and dedicated public servants.

Enterprise Development: Enterprise development is a fundamental objective of the ARC. It seeks to maintain and enlarge the income earning opportunities of the Region's residents and to help communities and districts provide effective and efficient incentives for private employment growth. These policies follow:

1. To encourage the continued successful operation of private enterprise of all types in the Region.

2. To encourage new and expanding manufacturing development and other basic industries in areas with significant potential for future growth or where they may create a special development oportunity.

3. To encourage an institutional capability to stimulate interjurisdictional cooperation and produce coordinated focused enterprise development programs at the local district level.

4. To assist in the development of energy-related enterprises in areas that have significant potential for future growth or where they can provide a major contribution to the creation of a special development opportunity.

Human Services: The Commission recognizes that a healthy and skilled population is a vital precondition to the economic development and well-being of the Region. The human service activities of the Commission are directed toward improving the organization, accessibility and delivery of basic human services in health and education to better prepare Appalachians to contribute to and benefit from regional and national economic development.

Given the magnitude of human service needs and possible public actions in the area, it is especially critical for the Commission to coordinate its own efforts with other federal, state and local organizations and to concentrate its funds in ways that will increase the overall quality, effectiveness and efficiency of basic human service systems.

Overall human services policies include:

1. The Commission will encourage and participate in the design, initiation and operational development of viable, cost-effective approaches to the delivery of basic health and education services, emphasizing investments in currently underserved areas of the Region.

2. The Commission will continue to encourage and support the development of coordinated federal, regional, state and local approaches to planning, initiating and implementing human services.

3. The Commission will actively encourage and support efforts to develop, test and evaluate innovative approaches to the delivery of basic human services.

Specific health objectives include:

1. To provide Appalachians with adequate access to basic health services emphasizing medically underserved areas.

2. To prevent the development of health problems in the Region.

3. To increase the supply of health manpower in the Region.

Specific Education objectives include:

1. To provide Appalachians with access to job-related vocational and technical education.

2. To help ensure that Appalachians have the basic education skills needed to participate in the Region's development.

3. To help ensure that Appalachians are not disadvantaged by changing technologies and that they have opportunities to advance throughout their working careers.

The specific Child Development objective is to:

1. help ensure that Appalachia's preschool children receive adequate and appropriate health, education and social services.

Energy: The Commission recognizes the importance of an assured, economical fuel supply. Producing areas need to be assisted in meeting the special problems that expansion of output can create. The need for a wide distribution of the benefits of expanded output is also recognized along with the need for safety in extraction and efficient conversion and transportation of energy products. Conservation in the use of energy is essential, as is environmentally sound energy extraction and utilization.

The Energy objectives are:

1. To assist areas experiencing particularly strong impacts from energy-related development with their problems of providing essential human and public services.

2. To help assure a wide distribution of benefits from energy-related activities both through encouragement of large and small private enterprises and through an equitable system of royalties and taxation.

3. To encourage, help create and seek the vigorous enforcement of laws and regulations related to energy development at the state and federal levels that protect individual and community health and further the Region's economic and environmental welfare.

4. To encourage the conservation of energy in all its forms and the utilization of the most abundant types in an environmentally sound way.

5. To help design, operate and maintain an efficient energy transportation system and to provide the labor and material requisites of expanded energy output.

6. To encourage and demonstrate coal conversion activities that can contribute to national energy requirements.

7. To assess the Region's potential energy wealth and the most effective ways to make it available by examining the human, health, environmental and economic implications of alternatives.

Natural Resources: In certain Appalachian locations the effects of past natural resource exploitation interfere with important development opportunities. These impediments should be overcome and existing natural resources should be used in a manner that does not create obstacles to future development. Using the Region's land and water resources to make the maximum environmentally sound contribution to regional economic development requires establishing priorities for their use, preserving critical areas, providing areawide water and waste treatment, and protecting the Region's residents from the worst effects of natural hazards. ARC should continue to demonstrate that environmental improvement programs can make a positive contribution to a regional development effort.

The Natural Resources objectives are:

1. To reclaim, protect and develop, as appropriate, the resources of these areas adversely affected by mineral extraction and timber harvesting.

2. To minimize loss of life and damage to property from floods and natural hazards through use of structural and non-structural measures and land-use policies and to assist post-disaster recovery.

Government and Administration: Experience has confirmed the wisdom of the President's Appalachian Regional Commission's initial decision that two basic actions were necessary to assist the Region in its economic development: first, investments to provide basic facilities and programs; and, second, a regional organization to allow maximum use of both existing and new resources in a continuing development effort. The objectives for this program area concentrate on how these two approaches are interrelated and reinforce one another in accomplishing the goals of the Commission.

The Government and Administration objectives are:

1. To strengthen the Commission as a joint federal-multistate, state and substate decision-making structure for developing and gaining acceptance for regional policies and for making public investment decisions.

2. To strengthen state organization and capability for the administration of development programs.

3. To continue to support and encourage local development districts to ensure local governmental and public participation in regional development programs.

4. To develop a project monitoring program evaluation system which will assist the Commission in carrying out its Appalachian development planning and programming process by:

    - Assuring that Commission investments are achieving their identified objectives in a timely, cost-effective manner; and

- Assessing the Commission's investments to assist the Commission in its role as a demonstrator of new approaches and an advocate for change in the Region.

5. To carry on a research, technical assistance and demonstration program which will clearly support and reinforce the Commission's goal of building a foundation for a diversified, self-sustaining economy.

6. To encourage states and local governments to develop tax and revenue systems which draw fully on available revenue sources and which make the results of economic growth available to contribute to the continued development of the Region.

CHAPTER I:
APPALACHIA TODAY

CONDITIONS

An understanding of conditions in Appalachia is necessary to discern those issues which are regional in scope and formulate policy around them. Policy must focus on particular issues and determine the extent and form of approach to them. Not all issues can be addressed immediately, nor can they all be addressed by a single level of government. ARC has to be selective about the issues it seeks to address and must apply its investment and advocacy tools in ways that reflect its approaches to regional development.

Geography

The Appalachian Region follows the spine of the Appalachian Mountains from the Catskills of New York to northeastern Mississippi. It includes all of West Virginia, and parts of twelve other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee and Virginia.

With a total area of 197,116 square miles, Appalachia is one-fourth larger than California and extends over almost exactly the same span of latitude. Rich in minerals and other resources, it is a land of old rounded and rugged mountains, long ridges and valleys, high rolling plateaus with glacier-formed lakes in the north and gently sloping plains around its borders.

The only ports in this landlocked region are on Lake Erie and a few of the major rivers. It is served by a rail network (which is densest in the coal mining areas) and a network of highways of varying quality including portions of the Interstate system and those segments of the Appalachian Development Highway System now open.

Population

Appalachia is no longer losing its most important resource -- its people. Appalachia gained 810,000 people from 1970 to 1975. Inmigration accounted for 36 percent of this growth. This is a sharp

change in trend from the outmigration that resulted in one million people leaving the Region from 1960 to 1970. There are several reasons for this turnaround:

- o increased job opportunities, especially in manufacturing and coal production, particularly occurring around the new interstate and development highway systems;
- o increased attractiveness of the Region to the people of the more densely populated areas on three of its sides for retirement, recreation, second homes and a simpler, rural way of life;
- o a movement out of the principal northern industrial centers because of unemployment and higher living costs;
- o the return home of military personnel and the end of selective service;
- o substantial increases in transfer payments such as Social Security, black lung benefits and unemployment compensation; and
- o investments by state, local and federal governments (including ARC) in various projects that have made the Region more attractive to both industries and people.

However, all parts of Appalachia are not sharing in this population growth, and a relatively large portion of its population remains scattered and rural. The Region's 19.2 million people (1976) live in 397 counties and five independent cities which vary considerably in population size ranging from dense metropolitan counties to Highland County, Virginia, with its 2,600 people. In 1975, the average density was 98 persons per square mile compared to 180 per square mile for the rest of the eastern half of the United States. Patterns of population settlements in the three Appalachian subregions are substantially different and reveal different needs for each area.

Northern Appalachia, which includes the Appalachian counties of New York, Pennsylvania, Ohio and Maryland and most of West Virginia, has an urban structure characterized by intermediate- and large-sized cities and many small communities. While varying in population size, the cities have several common characteristics: each has a geographically large service area; each has had one or two principal industries during its economic history; each has experienced periods of slow growth and stability during the past three decades; each has an old and, in some cases, deteriorated physical structure (residential, commercial and industrial); and each has suffered significant outmigration.

Central Appalachia, for too many years symbolic of a depressed economy, includes all of Appalachian Kentucky, the northwestern portion of Appalachian Tennessee, seven southwestern Virginia counties and the nine southern counties of West Virginia. Characterized by relative isolation, its population in 1975 was only 59 persons per square mile. In 1970, only 21 percent of the 1.74 million people in Central Appalachia were classified as urban (living in communities of 2,500 or more). None of the urban communities is large, leaving the area with only widely scattered villages and small towns. These villages and small towns must supply services to a widely distributed and predominantly rural population. The absence of a more developed urban structure has inhibited the growth of a viable economic base and produced deficiencies in community facilities and the delivery of human servies.

Southern Appalachia, which includes the Appalachian portions of Alabama, Georgia, Mississippi, North Carolina and South Carolina, the eastern portion of Appalachian Tennessee and 14 counties in southwestern Virginia, has a settlement pattern with the full range of city sizes, from large metropolitan centers to small towns. The entire population has access to an urban center of some size, and through its linkages with centers of larger sizes, it is influenced by the social and economic benefits that accrue from these larger centers. This settlement pattern has been helpful in furthering the economic development of the subregion, but some rural counties have not shared adequately in its overall development.

Jobs

The turnaround in Appalachian migration trends was directly related to increased levels of economic activity. From 1965 to 1970, Appalachia gained 647,000 jobs in covered (by Social Security) employment, a growth of 16 percent. At the same time, the U. S. employment level grew by 20 percent. The situation was far different between 1970-74. Appalachia gained 522,000 covered jobs at an 11 percent rate, well above the U. S. average of 9 percent. However, the recent recession caused employment to drop and, combined with the steady inmigration of people, caused unemployment in many parts of the Region. In 1975, unemployment averaged 8.7 percent in Appalachia but only 8.4 percent in the rest of the nation. By 1976, unemployment declined again to 7.6 percent, a rate slightly lower than the nation, largely due to the rapid recovery of many of Appalachia's industries. Nevertheless, economic growth has not been evenly distributed over the Region and parts of the economy overrespond to shifts in national trends.

This sensitivity may be a reflection of the fact that fully 43 percent of Appalachia's covered jobs are found in manufacturing (compared to only 32 percent nationally). Among these industries, there is a heavy concentration in the manufacturing of textiles apparel, capital goods and intermediate industrial products.

All three Appalachian subregions have distinctive employment characteristics. The technological age and the concentration of many of its manufacturing industries in capital goods production have made Northern Appalachia particularly sensitive to national economic trends. This led to a severe slowdown in the growth of employment and income during the recent recession with unemployment rising at 8.9 percent in 1975 and above 10 percent in many individual counties. By 1976, unemployment was 8.4 percent, higher than the national level, and employment was growing at an annual rate of about 2 percent, lower than in the other two subregions. Total employment in 1976, as estimated by state employment security agencies, was 3.8 million.

Long-term problems remain for this area. The heavy concentration in manufacturing (40 percent of covered employment in 1974) has provided Northern Appalachia with high wages and many job opportunities for years, but many older industries have become technologically obsolete and relatively inefficient. New highways have helped give the area locational advantages, but they are still incomplete and must be supplemented by other modes of transportation, including adequate railroads. The quality of Northern Appalachia's labor force has long been as asset to the area but new technologies have left many workers with obsolete skills.

Central Appalachia had some of the highest unemployment rates in the country in the mid-1960s, but the following years witnessed a slow turnaround. The early 1970s was a time of lessening distress for Central Appalachia. Covered employment increased over 24 percent between 1970-74, more than two and one-half times the national rate.

Although it was least affected by the recent recession, basic economic conditions remain troublesome in this area. Mining accounted for 19 percent of the covered employment in 1974, while manufacturing employed 30 percent. The latter is concentrated in the apparel, sawmill and mining-related industries. The coal boom has been accompanied by new and expanded industries taking full advantage of improved transportation systems and proximity to a major energy source. Major employment increases have occurred in apparel, nonelectrical machinery, retail trade, finance, insurance and real estate. Between 1975 and 1976, employment increased 5.3 percent and 1976 unemployment was 6.6 percent, well below the national rate of 7.7 percent. Total employment in 1976 was 665,500.

In the mid-1960s, Southern Appalachia suffered from a declining market for its agricultural products, previously a large part of its economy. Over 100,000 agricultural jobs were lost between 1960 and 1970. Since then, in another turnaround, the area has enjoyed rapid industrial expansion. Covered employment grew 22 percent between 1965 and 1970, and 19 percent from 1970 -74. However, Southern Appalachia's growth was significantly affected by the recession. As in the North, this was due to a concentration in manufacturing; 49 percent of Southern Appalachia's covered employment is in manufacturing compared to 32 percent in the nation. Total employment in Southern Appalachia was 3.0 million in 1976. Unemployment averaged 8.7 percent in 1975, but in many counties it was over 12 percent. By 1976, unemployment dropped to 6.7 percent and employment began to increase at a rapid rate. This improvement was heavily influenced by the recovery of the textile and apparel industry (18 percent of 1973 covered employment) as well as growth in capital goods and intermediate industrial products. Job opportunities involving the use of new technologies and skills are becoming available to southern Appalachians at a rapid pace, but the people must have the basic skills necessary to qualify for these jobs.

Incomes

Appalachia has experienced strong and steady growth in per capita income over the past decade. From 1965 to 1975, per capita total personal income grew 127 percent, faster than the U.S. average of 112 percent. Yet, the 1975 level of $4,946 was still well below the national level of $5,903 and the dollar gap had widened by $350 over the last decade. Further, no Appalachian state area equalled the U. S. average in 1975. In contrast, the non-Appalachian state areas have had significantly higher levels, averaging $5,909, just above the national per capita income level in 1975.

Northern Appalachia's per capita income, $5,295 in 1975, remains the highest in the Region, but its growth has not been as rapid as other areas. Central Appalachia has experienced the fastest growth but continues to have the lowest per capita income. It amounted to $4,121 per person in 1975, or only 70 percent of the national average. Southern Appalachia has also witnessed strong growth (reaching $4,687 per capita), not as rapid as Central Appalachia's, but still substantially higher than the U. S. average rate.

Earnings account for over 77 percent of all income in Appalachia and have contributed heavily to its growth. However, hourly earnings in major economic sectors within the Region are below U. S. averages. This is especially true in Central and Southern Appalachia. This condition is

probably due to a combination of two factors: more lower wage industries; and, within a single industry, firms may pay lower wages in Appalachia than in the rest of the country.

Transfer payments have also become an important source of income in Appalachia. They grew at a faster pace than earnings in recent years and 5 percentage points faster than the national average. Accounting for 9.7 percent of income in 1965, transfer payments accounted for 14.9 percent of income by 1974. In some areas, particularly Central Appalachia, transfer payments now account for as much as one-quarter of all income. This trend is due to the rapid increase in such benefits as black lung, Social Security and unemployment insurance and also to the increasing number of beneficiaries.

The rapid increase in income in many of the poorest areas is partially due to increased economic activity and partially to these increased transfer payments. Transfer payments are not a result of Appalachia's economic production and, while not subject to economic cycles, they may change with public policy shifts.

Housing and Community Facilities

Housing and community facilities have improved throughout Appalachia, yet the pressures of growth and finance continue to create serious needs.

The number of housing units classified as substandard or overcrowded in Appalachia declined between 1960 and 1970, while the total supply of housing units rose by over 600,000. Although the Region contained just under 9 percent of the nation's housing units by 1970, it contained a much higher share of residences with such deficiencies as lack of plumbing, poor structural condition, no telephone or lack of piped water supply.

The number of households which needed community or individual water systems was reduced by over 164,000 from 1970 to 1974. During the same four-year period, it is estimated that more than 50,000 households which needed sewer service received it. However, the total remaining need in 1974 was great with over 405,000 households lacking adequate water supply and over 620,000 households in need of adequate sewer service.

Providing basic community facilities remains a problem throughout the Region. Areas which are now witnessing growth are under considerable pressure to expand and build new sewer and water systems

and other public facilities. This places severe strain on a community's financial resources. When the growth occurs in widely separated areas, even higher costs are incurred in providing the necessary facilities. The rough terrain of some growth areas presents additional financial problems. Even communities without growth are faced with replacing inefficient or outmoded facilities that do not meet new federal standards for environmental quality.

The financial constraints of local communities are further compounded by problems basic to the Region: limited developable land, inadequate federal programs for rural and small communities and the need for improved management of public services. These problems must be overcome if the community facility deficiencies are to be solved.

In light of recent settlement patterns the small cities of Appalachia must be viewed as the urban frontier of the regions. The problems noted above must be viewed in light of the desire of people and industry to locate in and around the smaller cities of the Region. Future development efforts must facilitate this public and private set of preferences.

Health and Education

Two characteristics portray the status of health in Appalachia today: large areas without sufficient medical manpower or services; and relatively high incidences of disease, infant mortality and occupational disability. In 1967, the Region averaged only 91 nonfederal physicians per 100,000 population. By 1974, this figure had risen to 101 per 100,000. Despite the improvement, this figure was only two-thirds of the national average of 152 nonfederal physicians per 100,000 population. Over 36 percent of the population, or 6.9 million people, live in what the U. S. Department of Health, Education and Welfare defines as medically underserved areas.

There are other serious problems. Tuberculosis, hepatitis, measles and rubella are easily controllable diseases, yet have relatively high rates in the Region. Infant mortality has dropped sharply in Appalachia over the last decade, yet in 1974, the rate for the Region was 6 percent higher than for the U.S. Occupational disability rates remain high and respiratory disease related to specific occupations is common. High incidence rates of black lung related to coal mining, and brown or white lung related to textile work are two prime examples. High rates of industrial injuries are also present in heavy manufacturing and mining areas.

Education is critically important to economic growth. Adequate educational resources must be made available to all Appalachians if they are to participate fully in the development of the Region. These resources did not exist in the 1960s when only one-third of the Region's adults held a high school diploma. While this figure increased to 44 percent in 1970, it was still well behind the national rate of 52 percent. Vocational education has a somewhat better record. In 1965, only 20 percent of Appalachian 11th and 12th graders were enrolled in job-related vocational education courses. By 1976, this figure had nearly doubled to 39 percent.

Many problems remain. Pressures are on the rise for expanding communities to provide an adequate education for their growing populations. Retraining is also needed for those faced with rapidly changing job requirements.

Energy

Appalachian energy resources make it very important to America's future. It is a unique region in this country because it is a net energy exporter with vast reserves of high-quality coal that can contribute much toward the nation's energy needs.

Appalachian energy resources are also important to Appalachia. The economic prosperity derived from increased energy production can be used to strengthen and diversify the economic base in energy-producing areas of the Region.

In its rich and widely distributed coal resources, Appalachia has one of the nation's largest sources of relatively cheap energy. Appalachian states contain one quarter (126 billion short tons) of all U. S. coal reserves including 98 percent of all anthracite, 92 percent of all metallurgical coal, 51 percent of all bituminous coal, and 13 percent of all low sulfur bituminous coal (a sulfur content of less than 0.6 percent which meets stringent emission standards). Coal is available for direct use as a source of heat. It can be converted to liquid or gas and, presently most important, to relatively cheap electric power. Electric utilities were the destination of 58 percent of all Appalachian coal shipments in 1976. Other major users are coke and gas plants which received 22 percent of all coal shipments and retail dealers who sell coal for space heating (the major use of anthracite coal).

Coal is shipped primarily by rail. In 1976, 48 percent of all Appalachian coal was shipped from the mines entirely by rail, and 16 percent was shipped entirely or partially by river. A large portion of this coal is shipped to other parts of the eastern U. S. and a smaller percentage is shipped to the western U. S. and abroad. Appalachia exported 66 percent of its coal in 1974.

The oil and gas industries were born in the Appalachian Region and for many years Pennsylvania, Ohio and West Virginia were the most important oil-producing states in the nation. Today, Appalachia produces under 3 percent of the U. S. total of oil and natural gas. Most of the oil is consumed within the Region, but a high proportion of the natural gas is exported to non-Appalachian portions of the eastern U. S.

Electric energy produced in the Region comes primarily from coal (92 percent) and from hydroelectric power (6 percent). Consumption of electric energy constituted about 13 percent of all energy consumed in Appalachia in 1971.

Natural Resources

Appalachia is blessed with abundant natural resources providing magnificent beauty and tremendous opportunity. Unfortunately, the opportunities that have been taken too often resulted in severe environmental damage. Future development of Appalachia must consider the environmental balance of its natural resources and suitable means of capturing the opportunities they offer.

Coal, oil and gas are three of the Region's most valuable resources. As discussed in the previous section on energy, they have become very important energy sources for the nation in recent years. Many non-fuel mineral resources are also located in Appalachia; yet, when compared with energy resources, their economic value is limited. Large deposits of clay, limestone, lime, gypsum, sand and gravel exist throughout the Region. They are used in the manufacture of brick and ceramic ware, as construction materials and as inputs to the metals industries. Aluminum ore (bauxite) was mined heavily in Southern Appalachia and iron ore heavily in Pennsylvania, Ohio, West Virginia and Alabama. Sources of these raw materials have shifted to other areas, but the Region still has large processing plants for converting bauxite into aluminum (25 percent of the total U. S. production capacity) and large steel centers in the Pittsburgh, southern Ohio and Birmingham areas.

Water is generally abundant in Appalachia. Average annual rainfall is 47 inches and in some areas rises to 60 or 80 inches per year, far higher than the U. S. average of 30 inches. Runoff into Appalachian streams and rivers averages 20 inches, which ranks among the highest in the country for areas of comparable size. More than 150 billion gallons of water flow from Appalachia daily. Two-thirds of this flow is carried in three major stream systems: the Ohio (including the Tennessee), Susquehanna and Alabama Rivers. Waterways have been of economic significance to Appalachia for years. Three rivers -- the Ohio, Tennessee and the Black Warrior -- have navigation systems servicing Appalachia.

Many years ago, timber roads were cut through the hills and vast groves of trees were felled. The result was bare scars ravaged by erosion and streams filled with silt. Today, over 60 percent of Appalachia is covered with timber, more than 80 percent of which is hardwoods. However, there are many problems associated with using the timber for development. Most of the hardwood is of poor quality due to the heavy timbering and poor land management of the past. And, a large portion of the land is held by private owners in small parcels averaging less than 50 acres in size, too small for a successful timbering operation.

Agriculture, once a large industry, is now only a small part of the Region's economy. By 1970, only 3.3 percent of the employed civilian population was engaged in agriculture (including some in forestry and fisheries). Appalachian farms are small (average: 133 acres in 1969) even by eastern U. S. standards. In addition, the value of land and buildings per acre is significantly lower ($227) than elsewhere in the eastern U. S. ($347). Farm production in Northern Appalachia is specialized in dairying (49 percent); in Central Appalachia in livestock and crops (74 percent); and in Southern Appalachia in poultry and poultry products (51 percent). Farm size is smallest in Appalachian North Carolina, but total value of buildings and cost per acre is lowest in West Virginia. These characteristics are, in part, inherited from the early days of isolation and subsistence farming and reflect the problems of a rugged topography. The decline in the number of farms is parallel to national and regional trends with the most rapid declines in the Appalachian parts of South Carolina, West Virginia and Mississippi.

The environmental effects of coal mining have created problems for parts of Appalachia and sometimes have been impediments to economic growth. In these cases, remedial steps must be undertaken. Appalachia contains 381,180 acres of unreclaimed mining land, 81 percent of all unreclaimed land in the nation. Mine subsidence caused by collapsing deep mines also is a problem, especially in urban areas where

the sinking land can cut off utilities, damage foundations and destroy sections of highways and railroads. The disposal of coal wastes from mining and processing has left piles of coal refuse covering 48,547 acres. Such serious problems as the Buffalo Creek disaster and waste bank fires result from these large refuse piles. Acid mine drainage, another result of unreclaimed mining land and waste banks, pollutes 6,300 miles of Appalachian streams.

Natural disasters also plague the Region. About 6.4 million acres along Appalachian streams are subject to flooding and about 35 percent of this flood plain area is flooded several times a year. In parts of Appalachia with severe topography, the flood plains are popular sites for communities because they are the only relatively flat land available and accessible to other areas. One of the most recent floods affected portions of Kentucky, Tennessee, Virginia and West Virginia, resulting in hundreds of homeless people and millions of dollars in property losses. In addition to floods, tornadoes and landslides have caused extensive damage in parts of the Region.

Government

Appalachia governs itself through 13 states and approximately 7,800 local governments including: 397 counties, 4,070 towns and cities, and 3,370 school and other special districts. The Region's 19 million people and the way they organize themselves is the key to the economic and social well-being of Appalachia.

The number of governments in each state varies. Appalachian Ohio, New York and Pennsylvania have the greatest number of local governments per 100,000 people; these three states, which had 44 percent of the Region's population in 1971, accounted for 65 percent of local units of governments. In contrast, Southern Appalachia, with 37 percent of the population, had only 21 percent of the local governments.

Two new types of institutions have come into prominence in Appalachia: local development districts (LDDs) and regional education service agencies (RESAs). Sixty-nine local development districts cover the Appalachian Region. The LDD provides a mechanism through which local governments can pool their resources and jointly undertake activities which may be beyond their individual capabilities. Financial support and technical assistance for the LDD can be received from either the state or federal government. Primary emphasis of the LDD staff is placed on (1) planning and research; (2) obtaining financial assistance for projects and (3) technical assistance for the local governments within the district.

Regional education service agencies exist in all 13 Appalachian state areas and now number over 30. The RESAs were created as a means of overcoming high program and material costs and the inadequate funding that often faces local school districts. Each RESA is composed of at least two school districts and is often a multicounty organization. Funding comes from both the state and federal governments. Expenditures are for such activities as management assistance, teacher training, special programs for specific groups (e.g., special education, driver/safety and the elderly), and cooperative purchasing programs which make supplies available at a lower unit cost.

Appalachia's local governments raised $3.4 billion in local general revenues in 1971-72 but spent $6.3 billion. This gap between locally-raised revenue and total expenditures was far larger in Appalachia than elsewhere in the country (46 percent versus 38 percent). The fiscal structure in many Appalachian states results in the state having to provide a much greater share of funds for local expenditure than other non-Appalachian states do. Local revenues come primarily from property taxes while Appalachian state revenues come primarily from sales and income taxes and from the federal government. Severance taxes on natural resources are used but seldom contribute substantial revenues. Five Appalachian states -- Alabama, Kentucky, Ohio, Tennessee and West Virginia -- now have coal severance taxes or their equivalent.

ISSUES

Although there are many specific problems and issues facing Appalachia's people, communities and governments, many broad concerns cut across all political and cultural boundaries. These concerns involve choices that, in turn, will affect the lives of all Appalachians.

Appalachia's economy appears to be expanding into a variety of new industrial activities as well as experiencing growth in its traditional industrial base. Growth in employment, however, has not been evenly distributed over the Region since 1965, and parts of the economy remain overly vulnerable to the impact of swings in the national economy. The Region must continue to concentrate on retaining its present level of employment by offering older industries and companies the services and amenities that will keep them in the Region, on expanding its nonindustrial or service job market through manpower training and the development of such employment areas as recreation and tourism, and, on creating new jobs by diversifying its industrial base through the attraction of new firms.

Appalachia has already seen how difficult these tasks can be. Along with the creation of new jobs comes the impact of such growth on existing communities and their supporting facilities: roads, water, sewers, schools and hospitals. Efforts to expand jobs must take into account the location of the new jobs and the ability of the surrounding areas to absorb their impact.

The creation of these new jobs means change -- not only change in the form of reduced unemployment and increased incomes, but change in the people and land. A balance must be achieved -- a balance between unlimited growth and the kind of decline that many of the Region's communities have suffered.

A growth policy that seeks balance must overcome certain basic obstacles. These include the difficulty of controlling the use of land, the near-automatic rise in taxes when growth pressures are felt, the widespread lack of a revenue base to supply funds for new community facilities when growth causes an increase in the public demand for services, and the different needs of various parts of the Region.

In the northern states, for example, among the problems that growth policy must deal with is not only how to stabilize the economic situation in communities with few prospects for growth, but how to avoid harmful decline. In the central and southern states, a major problem is how to cope with new and rapid growth when it occurs in a generally rural setting. Here policies must be developed to limit haphazard development, reduce harmful environmental impacts and promote new methods of providing public services.

No matter how far the Region goes in the development of growth policies at the local, state and multistate levels, however, these efforts will not be fully realized until the national government, too, addresses these issues.

Access to first-rate health and education services is hard to come by for many Appalachians. In the first place, Appalachian state and local government fiscal resources are limited. Moreover, the cost of delivering human services to a scattered, dispersed population is extemely high.

Human services are steadily improving, but rural Appalachia still lacks the basic level of services in health and education available to people in other parts of the nation. These problems place a premium on Appalachian solutions that produce efficient and effective services. There is no room for squandering the Region's limited financial resources.

This calls for approaches that aim in two general directions. First, the Region needs such basic-level health services as primary health care and emergency medical services. Appalachia also needs to make maximum use of existing education facilities so that the dollars saved may be used for expanding existing education services. In short, the Region needs better ways to obtain increased services from existing facilities and available money.

Second, because of the special difficulties in delivering human services in the Region -- its dispersed population and its limited funds -- a high priority must be given to innovation. New services that demonstrate different but effective and efficient ways of helping Appalachia must be funded and aggressively advocated at the regional and federal levels to bring about changes in human services programs crucial to Appalachia's development.

Everywhere in the nation concerned citizens are recognizing that future plans for natural resources must take account of two overriding considerations: limited resources and a fragile environment. Appalachia has special problems related to its resources. Solving these problems requires imaginative approaches that take into account the needs of the nation and of the Region. Coal vividly dramatizes the situation. On the one hand, it has been a great source of prosperity for many Appalachians; on the other hand, it has caused severe damage to the Region's environment.

Consequently, Appalachia must define and implement a policy that aims at balancing coal production with long-term economic and social benefits for the people. At the same time it must also adopt the role of an advocate and attempt to influence national energy and environmental policies.

Coal production is a highly visible natural resources issue, but coal is not the Region's only vital resource. Appalachia also has abundant water, forming a supply adequate for human consumption, industrial development and energy production. Beautiful forests cover much of the land. With these forest and water resources, and with its mountains and climate, parts of the Region have four essential ingredients for a successful recreation industry.

How the Region chooses to respond to the challenge of the environment and to capitalize on the development opportunities available will have a direct and long-term impact upon its people and its economy. As with coal production, the challenge is to balance the development of all of the Region's resources with long-term economic and social benefits for the people and the environment.

Only through joint efforts among different levels of government and between government and private enterprise can the Region's full potential be realized. Key to this effort is creation of a public and private management process through which goals for the Region's future can be developed, decisons made, and the human and natural resources of the Region focused on the business at hand. The Region needs assistance in meeting its special problems, but it must respond through its own efforts applied through its own institutions.

Local governments need support and assistance so that they can function effectively, learn the most effective ways of doing their business, attract able and dedicated public servants, and provide their public servants with continuing opportunities for increasing their skills and abilities.

The local development districts, mechanisms through which local governments can pool their resources and jointly undertake activities which may be beyond their individual capabilities, can identify special opportunities within their borders and provide a means for bringing together private enterprise, local, state and federal government resources to capitalize on them.

Much of the climate and framework for cooperation among governments and between government and the private sector is provided by the state. Thus, state leadership is a cardinal ingredient in the effective functioning of this system. The legislation establishing the authority of the Appalachian Regional Commission, as amended in 1975, recognizes the importance of state leadership by assigning a key role to the Governors of the 13 Appalachian States. The process provides an opportunity for the states, in concert with the federal government, to make decisions about the future of the Region that make the best use of available resources -- including the Commission's own limited, but crucial, grant programs.

CHAPTER II:
REGIONAL GOALS

When Congress passed the Appalachian Regional Development Act in 1965, it had two overall purposes in mind: to help overcome the economic distress that remained in spite of prior remedial efforts; and to demonstrate the effectiveness of a new approach to federal-state relations through a mechanism for joint decision making. Even though conditions in the Region and nation changed in the intervening years, these purposes continue to be central to ARC's operation. Achievement of the Congressional purposes, however, goes beyond the direct measures which ARC can implement. They require concerted activity from all levels of government and the private sector. ARC's role includes being an advocate of the coordination and alteration of programs to better focus them on Appalachia's needs and opportunities. In addition, ARC develops the program tools from which each state may select a combination that best addresses its priority needs and opportunities.

The Economic Development Purpose

In its 1965 statement of purpose, Congress expected that the "region will generate a diversified industry, and that the region will then be able to support itself". This continues to be the focus of the Commission's economic development goal. The Congressional expectation was that this purpose would be achieved as the Region obtained needed physical facilities and developed its human resources. To assist the Region in meeting the special needs generated by the lack of an adequate economic base, ARC provided a basis for attacking common problems and meeting common needs, using a strategy built upon the concept of significant potential for future growth.

A decade later, after assessing the changes in the regional and national situation, Congress instructed ARC to continue to concentrate upon the health, education and other public services needed to achieve its economic development purpose. Congress also foresaw that the nation's energy requirements would create new needs and opportunities in the Region and gave ARC the additional purpose of anticipating and planning for them and of implementing multijurisdictional programs addressed to them.

In harmony with these elements of the Congressional purpose, ARC has the following overall economic development goal:

> TO BUILD THE FOUNDATION FOR A VIGOROUS, DIVERSIFIED, SELF-SUSTAINING APPALACHIAN ECONOMY THAT AFFORDS A WIDE RANGE OF SOCIAL AND ECONOMIC OPPORTUNITIES FOR THE PEOPLE OF THE REGION.

A key to the achievement of this goal is focusing of public actions on providing the appropriate setting and inputs needed for sustainable development. Consideration of the economic development impacts of a wide diversity of actions by all levels of government is important. Included in this are those programs that provide human and other public services and that are aimed at improving the quality of life.

Far-reaching goals of this nature are of limited utility unless defined by specific program goals. However, because they are utilized to achieve this common goal, the programs themselves must be viewed as an interdependent group. They are selected not only for the direct benefits they confer, but also because taken together they make an even greater contribution to meeting the economic development goal. Thus, programs that enhance the health and education of Appalachians have independent value because they contribute to individual well-being and to the ability of the Region to foster desirable economic development. A complex process of interaction exists, resulting in the need to view economic development programming both in its individual elements and as a concerted approach to the overall goal. It is important to understand that the content and organization of this planning document reflects this principle.

In working to achieve this goal, ARC has emphasized selected programs because of their individual contributions and because, taken together, they advance the Region.

Clearly supportive of the economic development program's objective is the enterprise development program. It is designed to encourage the continued successful operation of private enterprises of all types in the Region.. Helping the Region anticipate and accommodate industrial requirements, taking advantage of the opportunities for increased energy-related activities and maintaining traditional craft and related activities are valuable in themselves and also as contributors to the more general overall economic development goal for the Region.

Improved access is certainly a requisite for economic activity; however, it also serves to bring public and private services within reach of the Region's residents and helps create efficient communities. It has been generally acknowledged that there has been inadequate access in

many parts of Appalachia and the transportation program has been the response. It seeks to develop transportation systems for the movement of people, goods and services within, to and from Appalachia and it exemplifies the way in which programs interact. No one form of transportation can accomplish this and transportation improvements alone cannot meet the purposes that Congress intended.

The interaction among programs is also manifest in the area of human services. The positive contributions that can be made to individual well-being are complemented by the contribution that improved vigor and capacities can offer to the prospects for achieving economic development. Improving economic performance in the Region will benefit Appalachians to the extent that they have the personal capabilities needed to capitalize on it. Actions must continue to be taken that better prepare Appalachians to contribute to and benefit from regional and national economic development by improving the organization, accessibility and delivery of human services.

Among the forces causing change in Appalachia is the resurgent interest in the Region's energy resources. Both developmental benefits and potential handicaps are present in energy-producing areas. Of equal significance is the fact that all consumers are faced with prospects of readjustment -- some painful. While discharging its national obligations as an energy supplier, the Region's development must also be protected and furthered. Therefore, all facets of the development program must come into play to maximize the regional contribution to the nation's energy requirements in ways that are consistent with the economic, social and environmental well-being of the Region. Programs of human services, enterprise development, community development, transportation and governmental cooperation all are necessarily involved.

Environmental conditions in Appalachia have been degraded by past exploitation of its natural resources, yet those resources remain a regional advantage that can contribute to further development. However, wise use of these resources must be assured so that future development is not impeded by present practices, and the degradations of the past must be remedied where they inhibit significant present and future use. Therefore, the regional program for natural resources has linkages to economic development through the direct contribution land, water and air resources make, and through preserving and improving the setting in which people live and work. Improvement is itself an inducement to further development. Moreover, environmental conditions have important influences on the quality of life attainable by the people of the Region. Their well-being is intimately affected by the way the environment is managed. Consequently, the air, land and water resources of Appalachia must be managed in ways that balance the immediate needs of the Region and the nation for the use of Appalachia's natural resources with the provision of a suitable setting for a rewarding way of life in the Region in years to come.

The quality of the communities in which Appalachians live is determined in part by the economic development that occurs in the Region. However, those same community qualities play an important role in determining the extent and type of development that occurs. It is necessary to create a high quality living environment for the people through the provision of community facilities and housing to bring this reciprocal relationship into play. Environmental improvement through water and waste treatment facilities is as much an element in a natural resources program as in a community development program. New facilities for human services delivery make for better communities and individual well-being. And all contribute to improving the overall setting so that Appalachia becomes a more desirable place to invest and work.

Regional economic development is never attained. It is a continuing process of adaptation, accommodation and stimulation in which the public sector and private organizations must be contributing participants. The quality of that participation helps determine the utility with which other program elements are employed. The degree of success they achieve in fostering development helps determine the resources which the public sector has available and the issues the public sector must address. It is important, therefore, to continue to improve the capacity of state and local public and private institutions to promote and sustain development in partnership with the federal government.

ARC itself is an important part of this enhanced governmental capacity. Under the Commission structure, local governments, LDDs and states have a mechanism through which federal programs can be applied and adapted to regional situations, through which new program elements can be sought and through which continuity of attention to regional issues can be achieved.

The Institutional Demonstration Purpose

The Commission was established as a trial for a new mode of federal-state relations. It tests a novel idea: an agency with broad economic development authority that combines state and federal perspectives in the setting of policies and priorities. Shared responsibility and a new forum for achieving new perspectives and compromises was to be attempted within the Commission. Congress was very specific in identifying that one of its purposes was "to establish a framework for joint federal and state efforts".

This new mechanism undertook to pioneer a process of review, assessment, planning, implementation and evaluation that extends to the local level. The process was designed to build upon existing capabilities, to supplement not duplicate them, to strengthen them and broaden their perspectives. It was designed to monitor the effects of existing programs; suggest changes in orientation and levels of funding; undertake innovative demonstrations; apply new program authorities; and recommend new legislative initiatives. An additional aim was the coordination of public and private efforts toward regional economic development through a heightened awareness of the developmental implications of ongoing activities so they could be focused on an areawide and functional basis.

Overall, the purpose was to experiment with a new way of doing the government's business that would preserve a voice for the national perspective while enabling the unique situation and priorities of other jurisdictions to effectively influence the application of national authorities.

The federal government should continue to monitor this experiment and assess its applicability to other situations, areas and geographic configurations. ARC should continue to refine the operation of the mechanism created, particularly in view of the changes mandated by Congress in 1975. These changes clearly signal the importance Congress attaches to this undertaking because of the insistence upon active gubernatorial participation and wider ranging public participation in Commission processes. Federal agencies should be urged and assisted to fulfill the Congressional mandate to conform wherever possible to the plans and priorities created in the regional economic development process. The states should seek additional ways to assure that the gubernatorial priorities established in state development plans are followed in all the operations of state agencies and should also seek new applications of the flexibility and strength that the regional mechanism makes available. In general, the aim for all should be to continue to perfect this federal multistate mechanism for the improved performance of government.

CHAPTER III.
PROGRAM DEVELOPMENT POLICIES AND STRATEGIES

To accomplish the regional goals set forth in the previous discussion, the Commission has (1) developed a number of overall policies designed to ensure effective use of its resources; and (2) adopted development strategies to carry out its program responsibilities. Some of these policies and strategies apply directly to ARC program activities while others provide the basis for combined efforts by ARC, other agencies and the private sector.

DEVELOPMENT POLICIES

The Appalachian Regional Commission has a broad mandate to help the Region solve its special problems and promote its economic development. However, it has only limited direct financial resources with which to carry out this mandate. Therefore, ARC has adopted a number of development policies designed to promote the greatest return from the use of its funds. These policies have been applied across program areas and emphasize the strategic use of available funds by investing them selectively in priority projects which have both an immediate use and a broader long-range impact. The policies have included: concentrating investments in areas with potential for growth and in projects that serve clusters of people efficiently; using Appalachian funds to leverage related state, local and private investments; encouraging cost-effective areawide and interstate development approaches; using demonstrations and evaluation to encourage the adoption of new and innovative approaches; establishing a regional development planning and programming process; and strengthening government capability at all levels to participate in the Region's economic development. These policies have been adapted by the states to meet their own conditions and needs. While they have been flexibly applied, the policies have succeeded in providing the overall guidance necessary to achieve the most return from limited funds.

These policies have evolved out of more than a decade of experience in regional development. A number of them are longstanding and have proven their usefulness in contributing to ARC goals. Others are more recent and all are still evolving. The Commission will continue to apply the policies that have proven effective, while developing the more recent and new policies as conditions dictate. In the period immediately ahead, particular emphasis should be placed on the following policies: demonstrating and evaluating the validity of new and innovative approaches; encouraging areawide and interstate joint efforts;

strengthening ARC's planning and programming role, in particular, the LDD areawide action program; and advocating the adoption and implementation of the most effective regional policies and program strategies by other agencies.

A challenge before the Commission over the coming years will be in developing a response to the emerging settlement patterns in and around the small cities of the Region. Recent trends point to impressive population growth rates in and around such cities. An examimation of the most recent population statistics suggest that population clusters which make up small cities, in both rural and metropolitan regions are the fastest growing areas in most states. Small cities are important in both Regional and and National development strategies. As growth takes place in and around these small clusters the demand for public services is increasing at a rapid rate. Looking to future policies of the Commission, this trend must be more fully understood and appropriate shifts in policy directions must be made. The key will be to balance attention between the large urban areas and the emerging urban frontier of the small cities within the Region.

Policies

To maximize the impact of limited public resources by concentrating such investments in areas with significant existing or potential capacity to function as centers of economic activity, while also efficiently providing supportive health and education investments in these or other locations accessible to concentrations of people.

Concentrating public economic development investments in areas with significant existing or potential capacity to function as centers of economic activity and growth maximizes the probable impact of those funds in two ways. First, it substantially increases the probability of successfully maintaining and stimulating increased economic activity with fewer public investments. Second, concentration and coordination of investments, as opposed to a series of dispersed and unrelated investments, produces a better opportunity to reverse economic decline or stimulate accelerated growth. This policy has permitted each state to designate its own growth areas, within guidelines and subject to review, which seem most likely to be the future centers of employment, population and service delivery. In special development situations outside designated growth areas, projects may be funded if a compelling argument for the economic opportunities and prospects of the area can be found.

The Commission's human services policy is complementary to the growth area concentration approach. It permits investments in health and education which serve concentrations of people in a cost-effective manner to be made outside growth areas. While the growth area and related human services policy is applicable to infrastructure investments in all program areas, it has its most significant impact in the community development and human services program areas and is elaborated on in those sections of this document.

To use limited Commission funds to leverage additional resources for the economic development of the Region.

When developing projects and making decisions regarding Appalachian grant assistance, the Commission gives priority to a use of Appalachian funds which will relate to and draw in additional funding sources. This permits the Commission to provide funds which are crucial

to the success of a project or program while encouraging maximum possible participation by state and local governments and other funding agencies. Special applications of this approach include joint funding with other agencies and supplementation of other agencies' grants by providing part of the nonfederal matching shares as authorized by the Commission's legislation. The LDDs' areawide action programs (AAP), encouraged and supported by the Commission, provide an effective means of identifying opportunities to use the leveraging approach by giving priority to such projects. These projects can then be incorporated into the investment program portion of the state Appalachian development plans. This policy has been developed and applied by the Commission over the past ten years. In the recent extension legislation, Congress gave recognition to its importance by providing that, to the maximum extent practicable, federal agencies shall take into account Commission policy, goals and objectives.

To encourage joint areawide and interstate efforts which produce economies of scale in providing a higher level of service more efficiently.

As part of the broad policy to obtain the greatest possible return on its funds, the Commission encourages the most cost-effective methods of providing public facilities and services. Economies of scale and the most efficient use of available resources and facilities can frequently be accomplished by developing areawide, interstate and joint approaches to projects and programs. Examples of this approach include water and sewer systems, primary health care delivery networks, rural transportation consolidation or coordination and regional education service agency (RESA) projects. The major interstate applications involve projects and programs which are too large, too complex or too specialized to be undertaken by a single state; projects involving several state areas such as river basin development; and projects where economies of scale can be realized through joint state action.

A special case arises where a natural service area happens to cross state lines making interstate cooperation necessary. The joint construction and use of specialized higher education facilities, interstate water supply projects and interstate mass transit systems are examples of this type of interstate project. Primary health care networks and primary and secondary education programs have also been provided across state lines.

LDDs, RESAs, health service agencies (HSAs) and other areawide agencies encourage the development of appropriate areawide and joint arrangements for the construction of facilities and delivery of services. The AAP provides a major method of identifying and giving priority to such approaches. States, assisted by the Commission, should give particular attention to the development of appropriate interstate

arrangements where feasible. Special efforts should be made to work with existing interstate agencies to identify and support appropriate interstate projects. The Commission will continue to give priority to projects which make use of areawide and interstate joint and shared facilities, services and management.

To continue and strengthen the development planning and programming system to provide a process through which all levels of governments can participate jointly in determining policies and priorities and programming funds to contribute to the economic development of the Region.

In one of its first actions, the Commission required the states to prepare Appalachian development plans that identified the characteristics and needs of their Appalachian portions and, within Commission priorities, developed strategies and priorities for the use of Appalachian and other funds to meet specific needs and contribute to overall economic development. Subsequently, the Commission added a requirement for a project package (or implementing investment program) which identified specific proposed projects. As time went on, the LDDs became increasingly involved in helping to identify needs and, more particularly, in identifying priorities for specific projects and programs to meet these needs. The system thus combines planning and policy development with the specific programming of Appalachian investments at the state level. At the Commission level, the regional plan enunciates major policy and the program budget, submitted to Congress, describes the Commission's proposed use of funds in major program areas.

Congress recognized the planning and programming system in the 1975 continuation legislation by providing a statutory basis for the system. It gives special emphasis to the role of the LDDs and to areawide action programs, designed to provide a coordinated planning and programming activity at the district level.

To demonstrate new and innovative approaches to the economic development of the Region, to evaluate the effectiveness of these approaches and encourage their use and adoption.

Because of the need to devise new and innovative approaches to the Region's special problems, the original Appalachian legislation emphasized demonstration programs. Under this mandate, ARC has encouraged and fostered such new approaches as primary health care service networks using physician extenders; job-relevant vocational training that makes maximum use of available facilities; mining area restoration techniques; and areawide rural education service agencies. Experience has emphasized the importance of assessing the results of

these demonstrations so the Commission can most effectively fulfill its role as a demonstrator of new approaches and an advocate for change. In its program evaluation activities, the Commission concentrates on assessing innovative activities as a means to validate new technologies and service delivery systems and to encourage and support their use throughout the Region and the nation. Once evaluation results are available, particular attention must be paid to the acceptance of the new approaches. This calls for increased ARC advocacy efforts and technical assistance activities to gain continued funding commitments that assure the survival of the new approaches.

To strengthen the capacity of federal, state and local public and private institutions to promote and sustain regional development.

As stated earlier, the Appalachian program was designed to use two major approaches. First, several specific grant programs with accompanying authorizations and appropriations were established to provide assistance. Second, a new federal multistate institution was established to make decisions regarding the use of the grant funds; to develop policies and advocate their acceptance and application; to provide technical assistance; and in other ways, to further regional development. The ARC experience demonstrates that the Appalachian Regional Development Program must emphasize institution-building as a way of promoting the Region's economic development and meeting its special problems. This calls for active involvement of all levels of the federal system. The Commission by itself has neither the fiscal nor the staff resources to meet the goals of the Act. It must depend on the acceptance and cooperation of other agencies. The Commission, therefore, should continue not only to strengthen its own organization and operation but also to help federal, regional, state and substate local agencies respond to regional needs and to develop appropriate policies and programs.

Some of these responses involve direct participation in Commission activities. Federal agencies directly administer Commission grant assistance and contribute to Commission policy development through the federal cochairman. States have a major role in Commission policy-making and in administering the program within their boundaries. They draw upon and cooperate with district and local agencies with the districts as the chief link between state and local governments. Other responses depend upon public and private agencies accepting and applying ARC policies and priorities in their own programs and activities. The Commission should encourage and support such efforts so that the agencies have the capability to contribute actively to regional development.

DEVELOPMENT STRATEGIES

Because of its broad goal of fostering the economic development of a region lagging behind the rest of the nation, the Commission's responsibilities and program activities are interrelated and cut across conventional functional program areas to a greater extent than those of most agencies. Its regional goals and development policies are indicative of this broader approach and they illustrate the extent of the interrelationships. However, the Commission's actual implementation activities, both in its direct program grant and technical assistance role and in its advocacy role, are concerned with specific activities having specific impact on certain segments of the total economic and social picture. Therefore, the following development strategies, which establish the policies for ongoing ARC activities and provide a framework for state and related LDD planning and programming, are presented in seven major functional areas. Viewed in relationship to the broad regional goals and policies, the linkages and interrelationships among the functional areas will become apparent. These relationships have been identified at the appropriate points so that the strategies can be viewed and applied in their proper context.

The states carry on a continuing development planning process, drawing in state and local agencies and the public. The local development districts play a significant role in this process. They participate in the formulation of the state objectives and program strategies through the development of AAPs for their districts. The state Appalachian development plans annually present the particular mix of program strategies which best respond to their current situations and needs. States have the responsibility to tailor Commission program strategies to meet the particular problems and needs of the Appalachian portion of their state. State Appalachian development planning, therefore, takes place within the policy framework and program strategies developed by the Commission and presented in this regional policy statement, the code and the program budget. This policy statement presents for each program area the range of Commission program priority strategies the states can use to fashion their individual programs.

The Appalachian program is an action program and the state plans include annual implementing investment programs which identify those specific projects and programs which will be funded to carry out the program objectives and strategies. The local development districts contribute to this selection process by identifying priority projects and including them in their areawide action programs. The AAP program investment schedules are considered by the states in developing their annual Appalachian investment programs.

Because of the responsibility of the states to adapt Commission policies and program strategies to their varying needs, no regionwide priorities among each of the seven program areas are made in this regional policy statement. Commission funding priorities among these program areas are developed through ARC's intergovernmental program budgeting process that draws on the regional goals, objectives and strategies, and presented in the fiscal year program budget submitted to the Administration and Congress.

Transportation

The Commission's transportation objectives emphasize a basic development strategy -- the key to an accelerated rate of economic growth involves the efficient movement of people and goods within, to and from the Region. The Appalachian Development Highway System is the foundation of this strategy and remains ARC's top priority. Building only highways, however, does not serve all the transportation needs of Appalachia's people and great natural resources. Other needs are the establishment of adequate rail service; the development of inland waterways, airports and air carriers; and the development of rural public transit.

Objectives

To complete the construction of the Appalachian Development Highway System at the earliest possible time.

The completion of the Appalachian Development Highway System remains a high priority of the Commission. The system has been designed as a framework within which a wide variety of economic development investments have and will be made. Development highways are an integral part of a larger system that serves Appalachia's transportation requirements. To complete the development highway system, however, requires resolution in the near future of several issues. The Commission should determine the following: the maximum annual level of authorizations that could be used by the states to accelerate completion; the time needed to complete the system, assuming annual authorizations and appropriations at a level that the states can use; construction priorities and modifications to better serve energy production needs; how to encourage greater levels of prefinancing; and alternative transportation modes which might satisfy the national and regional objectives of the system in certain locations.

To provide adequate road access to those key developable sites which will significantly contribute to the economic development of an area.

Access is vital to attract development, particularly in those areas where developable sites are scarce. The Appalachian highway system cannot fulfill all the road improvement needs essential to economic development because it was designed as an interconnected roadway system. The Commission's access road program, however, provides for short roads to supply access to specific sites and locations important to development. They have been constructed to serve industrial sites, a regionally important recreation area, education centers, airports, a port facility, residential areas, a commercially important timber area, a coal mining area and other developments of regional significance. The Commission should continue funding access roads through its present FY 1981 authorization. There is, however, a need for the Commission to assess this program to determine on what basis priorities should be set among projects seeking ARC access road funding assistance. Community development strategies should be among the primary considerations for establishment of a priority system.

To ensure that the rail system will support existing and potential economic activity throughout the Region.

The Region has long depended on railroads to move much of its natural wealth. The functioning of the total transportation structure, with a balance between air, rail, water and roads, is essential to the continuing growth and stability of the Region's economy. A malfunctioning rail system would produce a ripple effect throughout the Region and take years of time and millions of dollars to overcome. The proposed closing of a large number of branch lines to sustain the mainline system could well produce this kind of a situation. The needed rail improvements and operational efficiencies must not be obtained at the expense of decreased service for hundreds of organizations and communities dependent upon the railroad branch lines. The Commission should seek changes in the U. S. Department of Transportation classification system to insure that greater consideration is given to the full relationship of rail lines and the economic development potential of rural and small-town areas.

To improve the movement of waterborne freight by supporting appropriate improvements to existing waterways, particularly the completion of the Tennessee-Tombigbee Waterway, and development of ports on navigable rivers in the Region.

Certain areas of Appalachia have little concern about railroad issues but great concern about waterway and port development. Development planning in the past has paid little attention to inland waterway transport, although a substantial number of miles of navigable waterway lie within the Region. The issues are complicated, however. Waterway planning involves the entire water basin and most of the Region's waterways extend beyond Appalachia's boundaries. Moreover, water transportation involves interstate commerce so that many federal agencies with differing policies on waterway improvement, economic development and public investment must be involved in any planning effort. There is, for example, too little understanding of the economic role that inland water transport does and could play in the Region and too little understanding of its interrelationships with truck and rail transport. The Commission should support efforts to clarify the relationships among carriers and their potential roles in the Region's economy. Communities affected by waterways should take steps to insure that appropriate governmental arrangements and actions are undertaken to capitalize to the fullest extent possible on the development opportunities created by waterways. Again, support and assistance by the Commission is appropriate. Finally, the one major waterway improvement project in the Region, the Tennessee-Tombigbee Waterway, should be completed as soon as possible.

To encourage private enterprise to expand third-level air carrier (commuter airlines) services to a larger number of Appalachian communities.

Aviation service needs fall into two general categories: development and expansion of air service itself; and improvements to air facilities. Much of the Appalachian Region is composed of low-density markets that regularly scheduled national and local airlines cannot economically serve. Trunk and local line service to some communities is being reduced or eliminated. Other communities, particularly in the central and southern states, do not have any air service other than that provided by air taxis and general aviation aircraft (company and private planes). It appears, however, that commuter airlines service (third-level carriers) could be expanded if they were designed to serve low-density markets and to use smaller aircraft carrying up to 30 passengers. But capital to cover initial operating services and administrative costs is not readily available from private investors and commuter air operators are not eligible for government subsidies. Attempts to start third-level carrier service in Appalachia without government financial help have failed. Effective community, state and regional support is needed to stimulate more commuter air service. The Commission should determine where aviation stands as an overall priority compared to the other components of its transportation program; suggest what kinds of public funding, if any, is appropriate to help start commuter airline operations in areas not now served; and what priorities should be used for project funding if ARC assistance is to be given for facility improvements or commuter airline operations.

To explore and demonstrate the consolidation of existing rural public transportation services for general public use in small communities and rural areas.

Provision of public transportation in rural areas of Appalachia is complicated by high incidence of poverty, scattered population and rough terrain. Operations are costly, grades are steep and many residents do not have personal transportation to connect them to a fixed system. Where intercity bus service does operate, it is too often irregular, infrequent and incompatible with the trip needs of rural residents. Ways must be found to provide rural public transit systems that are flexible in the type and size of buses and vans used, and in the pick-up and discharge of passengers. Such a system must also integrate all trips needed by the clientele of social service agencies into one system that will meet the general public's transportation needs. The Commission should encourage the formation of integrated rural mass transit systems. Federal legislation must be modified to remove undue restrictions and the authority of the U. S. Department of Transportation must be broadened to meet rural transportation needs. Finally, state regulations for franchises, the use of school buses and the procedures which must be followed to change routes and service (for the most part designed for urban areas) are inappropriate for rural areas where flexibility is essential if systems are to become self-sufficient. The Commission should take a lead role in exploring and demonstrating the feasibility of rural public transit systems in Appalachia.

Community Development

The term "community development" has many implications and can be defined in many ways. The subject of developing communities pervades this entire report. On the one hand there are clear central themes -- such as physical growth, patterns of settlement, good and bad use of land, public and private fiscal flows and creation of a multifunctional infrastructure -- all providing opportunities to exercise leadership, management abilities and organizational skills; to apply technical and planning expertise; and to build effective public administration and financial capabilities. On the other hand, many of these same themes are important ingredients in particular program areas such as enterprise development, human and natural resources, government and administration. Policies and programs for community development, therefore, are not based on an exclusive set of issues, separate from the other segments of the plan. They are, in fact, major threads which are woven into most of the other policy and program areas. Community development transcends the sum of its parts and is an opportunity to cross-relate basic development policies and collectively apply them to individual program areas.

Among the challenges to be recognized is the need to examine within a single context development planning and programming efforts in sparsely settled rural areas, the suburban areas around cities and in both large and small urban areas. Development problems that should be addressed in Appalachia encompass all these settlement types --in fact, solutions to these problems more often than not depend on complementary and concurrent actions taking place in all types of settlement. In other words, the development problems of sparsely settled and more densely developed areas cannot be neatly categorized and considered in isolation from each other. The problems of one type of area are directly related to the problems of the others. The provision in the Commission's code for defining specific growth areas is a mechanism for guiding ARC community investments. This approach does not directly address the needs of communities outside those growth areas or their area of influence. Cost-effective means of handling this problem remain an unresolved issue which may be beyond the resources of ARC to handle alone.

While the specifics of the relationship between rural areas and growth centers remains unresolved, current information does point to the role of growth centers in serving rural areas needs for urban services. The emerging role of small cities as growth centers indicates that the people and industries are congregating around these cities just as in the past when they located near or in large cities. In addressing future strategies both small cities and large cities must be recognized as growth and service centers. The relative size of cities is important but the location of centers in relation to other centers is also important. Indeed small cities may serve major growth center roles in areas by necessity where larger cities are too far away.

For these and other reasons, this discussion of community development policy is selective and oriented to a practical ARC program perspective. It should be considered and applied in conjunction with each of the other program areas. ARC's community development policies are designed to recognize both the varying settlement patterns of the Region and the need to protect public investments and overcome obstacles to achievement of desirable land development patterns. Selective addition to the public infrastructure is a major opportunity for guiding growth in this direction. Sewer and water, transportation and housing are key elements, with provision of industrial sites also of major importance. This physical and program setting is the backdrop for achieving optimal community development through the actions of informed and effective leaders working within the Region's institutions.

Objectives

To promote economic development and improved living conditions in the Region through community development strategies which recognize varying settlement patterns, particularly the emerging role of smaller cities, and to protect the value of public investments made in the Region by overcoming obstacles to desirable land development.

ARC investment programs should be keyed to a strategy directed toward achieving durable and economically productive development in Appalachia. Consistent with its stated policy of maximizing the impact of limited public resources, the Commission encourages public investment in a regional infrastructure that supports areas which either have capacity to function directly as centers of employment or are part of a growth area which both serves and is, in turn, served by those same centers. ARC will continue and should strengthen its advocacy role in support of changes in procedure, desirable programs and new management strategies that will support the growth area concept, help to build economically beneficial development and protect public investments. It should support investigations that seek a better understanding of the motivations and implications of emerging settlement patterns. Although there are many obstacles to improving land development patterns in Appalachia, there are also many opportunities for creative solutions which protect the value of public investments. Obstacles include the difficulty of initiating and controlling redevelopment and rehabilitation in declining urban and rural areas; uneconomical and land-wasteful growth on small sites strung out in linear form along valley floors; preemption of beneficial industrial and commercial growth at key locations by low density residential and other uses; the susceptibility of the valley floors to flooding and other natural hazards; increasing amounts of unuseable land created as the wasteful by-product of transportation, industrial and mining activities compounding existing land shortages; the general unavailability of land for community development purposes, and frequent uncertainty about land title which reduces the number and acreage of sites that are effectively able to enter the land market and contribute to community development.

The Commission encourages state and substate governments to develop initiatives which address these various questions. These might include: programs to assist private redevelopment and rehabilitation activities; legislation which provides incentives for cost-effective and land-efficient development on larger sites; modification of minimum property standards to permit federally insured residential development on steeper slopes; design of building codes, site requirements and land use policies that insure that industrial and commercial development can occur on level sites of optimal size with adequate local and regional access for labor, materials and finished products; flood plain management; reclamation programs for waste by-product land; legal research and legislation to reduce uncertainties about land title and to free land for community development.

To make additional public investments in the Region's infrastructure which will capitalize on the ability of key functional services and programs to guide the pattern of future settlement and promote economic development in defined growth areas.

Federal, state, substate districts and local governments plan, finance and manage an extensive range of community facilities and basic services throughout the Region. These include sewer and water service, highways, schools and colleges, libraries, housing, parks and recreational areas, industrial sites, fire and public safety facilities and many others. Although many of these programs are discussed elsewhere in this document, they are also important elements in the advancement of community development. While each functional activity is separately funded and administered, all are part of the total infrastructure available to residents and others.

The location decisions for many of these capital facilities do not significantly influence the pattern of future local growth. This is the case for facilities built to serve pre-existing development (e.g. a fire station) or sited to serve a wide area (e.g. a community college). Other facilities and services are located in advance of development and have a critical bearing on the pattern of future growth. In these instances selective siting of additions to the existing infrastructure provides the major public opportunity for guiding new development into selected growth areas. This is particularly true for the basic "in-ground" facilities of sewage collection and treatment, water distribution and supply, and transportation. New housing also provides a major, although less direct, public opportunity to influence site location and future growth patterns. This influence can be achieved largely through use of regulatory powers to designate the locations of residential areas and require a stated level

of construction performance. Public provision of the transportation system and technical and site assistance to prospective industrial enterprises are other strategically important programs which can assist in setting Appalachia's community development pattern. All institutions responsible for providing a public facility or service are urged, individually and in concert, to look carefully at their capital improvement plans and programs. Their proposed investments should collectively assist in achieving the objective of supporting areas with capacity to function directly as centers of employment or as part of a surrounding growth area.

In conformance with the terms of ARC code policies, the Commission will pursue this same growth area strategy in its various functional grant programs. The Commission seeks to participate actively in important decisions relating to water supply and sewage treatment services and to improve the quality of existing and future development, while at the same time supporting regional and joint undertakings for provision of water supply and sewer services systems. The Commission should advocate the following: larger appropriations for Appalachia from the Environmental Protection Agency (EPA) and the Farmers Home Administration; uniform definition of rural and small communities on the part of EPA and Housing and Urban Development; modification of EPA design and state requirements to allow for use of small individual waste systems; and integration of responsibility for sewer and water functions in a single state line agency. ARC intends to sponsor research and demonstration efforts in such areas as: individual package plants and cluster wells; management factors for successful operation of regional sewer and water systems; studies of the health impacts of deficient water and sewer systems; development of innovative fiscal and management mechanisms which will allow small communities to achieve economies of scale in building and operating water and sewer systems.

In support of federal, state and local governments, ARC also seeks to expand its role in bringing about better housing and stimulating a home building industry. In addition to continuing its present funding of technical assistance and grants to state housing agencies, the Commission should use its broad authority for funding innovative housing demonstration projects to better serve areas of Appalachia. State Appalachian housing programs are also of key importance in guiding future development. They fund and support the limited number of housing sponsors now in operation, reinforce available state and federal subsidy programs, provide technical advice and create new sponsoring agencies. States are encouraged to use these housing programs to assist developers in putting together their pre-development packages. In this context local and state governments should be able to plan for their own community development needs with a correct understanding of federal

funding programs and the priorities in these programs. Simplified federal and state administrative regulations are essential. State and federal housing agencies, in conjunction with the private sector and with ARC, are encouraged to conduct an ongoing examination of innovative housing technologies with potential application in the "hard-to-serve" areas of Appalachia. Larger scale housing construction, adaptation of the basic mobile home, use of modular building techniques, development of energy-efficient domestic power sources including solar generating systems and such new financing mechanisms as Market Aggregation Risk Taking and "sweat equity" are among the innovations that might be given more attention.

To assist states, districts and local governments to strengthen their capability to administer and participate in community development by attracting and retaining able and dedicated public servants.

The demands the ARC program places on state and local governments for community development and program management capability have been accentuated by a trend toward decentralization to the state and local levels in other state and federal programs. The need for trained, capable manpower has become increasingly apparent. With a limited budget, the training, recruitment and retention of capable and productive public servants becomes crucial. The Commission will assist the states to design and develop effective public service training programs and to provide in-service training designed to increase capability and prepare public employees for advancement. The Commission will also help states, districts and local governments make the best possible use of such available programs and resources as the Intergovernmental Personnel Act, the Public Service Jobs Program and the Public Works Program. The Commission will work with administering agencies to make these programs as useful as possible in meeting the Region's public manpower needs.

Enterprise Development

Enterprise development is a fundamental objective of ARC. It seeks to maintain and enlarge the income earning opportunities of the Region's residents and to help communities and districts provide effective and efficient incentives for private employment growth. The Commission encourages the development of appropriately sited energy-related enterprises to broaden the employment base. Preserving the Region's unique arts and crafts and providing help in their distribution are also elements in ARC's overall efforts to make private employment opportunities accessible to all Appalachians.

Objectives

To encourage the continued successful operation of private enterprise of all types in the Region.

Private enterprise is the principal source of livelihood for Appalachians, each of whom has a vital stake in having jobs available at accessible locations. While seeking to expand private employment opportunities, however, the needs of existing enterprises also must be considered. When attractions are offered to new enterprises, financial burdens can be created for existing ones. ARC should provide assistance to areas that seek aid in assessing the net impact of enterprise development activities.

Economic development activities are enhanced when ARC makes capital and operating grants. The burden that would otherwise need to be borne locally is reduced. Just as these grants directly contribute to the profit prospect of firms by lowering costs and expanding markets, the Commission program of transportation improvement and human service (particularly job-relevant vocational education) indirectly support the vitality of all existing enterprises. The Commission should be certain that all firms are aware of technical assistance opportunities available to solve their production, marketing and administrative problems and to enhance their entrepreneurial abilities.

To encourage new and expanding manufacturing development and other basic industries in areas with significant potential for future growth or where they may create a special development opportunity.

The economic vitality and diversity of an area is dependent in part on its ability to foster new and expanding enterprises that serve large markets. These employers help provide the income opportunities that preserve and enlarge the public and private receipts on which the standard of living depends. ARC's programs to provide more attractive communities with better services are an important aid in attracting these enterprises. Its program of planning, technical assistance and community assessment recognizes that different communities have different potentials, depending upon their attractiveness to various types of enterprises, potentials that can be enhanced by concerted public and private activities based upon realistic assessments. When these assessments

indicate that prospects for industrial development (including tourism, arts and crafts and commercial enterprises) are present, ARC should assist through its community and human services programs, its site development programs, including helping to make utilities and transport available and its technical assistance and research capabilities. Special attention should be paid to the identification and reservation of potential industrial sites, particularly in areas where sites are scarce. Another important consideration is the need to encourage sustaining markets for indigenous arts and crafts so that craftspeople can earn acceptable incomes and so the historical crafts of the Region can be preserved.

To encourage an institutional capability to stimulate interjurisdictional cooperation and produce coordinated, focused enterprise development programs at the local district level.

Communities that seek enterprise development frequently dissipate their efforts in inadequately considered programs that are offset by similar activities in nearby communities. As a result, no gain worth the effort is achieved and industrial prospects are not well-served because critical elements in a complete industrial attraction program have been slighted. The Commission should remedy these inadequacies, help alleviate undesirable interjurisdictional rivalry and stimulate cooperation by encouraging the creation of positions for enterprise development specialists on local district staffs. These persons should be responsible for establishing programs that address the potentials of their areas; initiating special development activities needed to achieve these potentials; coordinating public and private activities; gathering information needed by new and expanding enterprises; providing technical assistance to enterprises and establishing realistic attitudes and expectations for enterprise development. In addition, these specialists should supplement existing efforts at the local, district and state levels and be supported by an ARC staff that provides expert support and technical assistance.

To assist in the development of energy-related enterprises in areas that have significant potential for future growth or where they can provide a major contribution to the creation of a special development opportunity.

The resurgent interest in the Region's energy resources opens new opportunities for private enterprises. These may be directly involved in the extraction of energy resources or in energy production or distribution. These firms can provide economic improvement in the area and be part of the base for a diversified, self-supporting area economy

when located in an area with significant potential for future growth or as part of a special development opportunity. ARC should provide technical assistance in analyzing capital flow limitations, identifying probable locations, and attracting firms to these areas. It should assist impacted areas in planning for and providing the public facilities needed by growing populations and provide direct assistance to energy-related firms. This direct assistance can take the form of financing private industrial facilities working capital and facilities for the generation, transmission or distribution of electric energy or gas and could include site acquisition and development.

Human Services

The Commission recognizes that a healthy and skilled population is a vital precondition to the economic development and well-being of the Region. Currently, access to basic health and education services is limited for many Appalachians as a result of severe shortages of trained manpower and adequate facilities; the high unit-cost of serving a relatively dispersed, rural population; and the limited fiscal ability of state and local governments to improve such services. In response, the human service activities of the Commission are directed toward improving the organization, accessibility and delivery of basic human services in health and education to better prepare Appalachians to contribute to and benefit from regional and national economic development.

Given the magnitude of human service needs and possible public actions in the area, it is especially critical for the Commission to coordinate its efforts with other federal, state and local organizations and to concentrate its funds in ways that will increase the overall quality, effectiveness and efficiency of basic human service systems. The discussion in this section presents the Commission's three basic human service policies followed by specific objectives within the program areas of health, education and child development.

Policies

The Commission will encourage and participate in the design, initiation and operational development of viable, cost-effective approaches to the delivery of basic health and education services, emphasizing investments in currently underserved areas of the Region.

Priority in this area will be given to those activities which are most directly supportive of economic development. Wherever possible, such activities and investments should be located in or serve the needs of areas with a significant, clearly identified existing or potential capacity to function as a center for economic activity. However, a substantial portion of the Region's population lives in rural, isolated areas with limited economic potential. Therefore, to ensure that as many people as possible have the opportunity to fully participate in and contribute to the development process, additional investments in health and education may be made outside centers of economic activity provided that such investments service concentrations of people in a cost-effective manner.

The Commission wishes to maximize the use of its scarce funding resources, while helping to ensure the development of lasting solutions to the Region's basic human service needs. Therefore, efforts will be focused on the development of ongoing service delivery organizations which will become financially independent of the Commission within a three- to five-year period.

The Commission will continue to encourage and support the development of coordinated federal, regional, state and local approaches to planning, initiating and implementing human services.

The purpose of this effort is to minimize duplication and fragmentation of service delivery, to ensure the full utilization of existing public and private resources available for this purpose and to help ensure the development of long-run solutions to the Region's human service needs. A major area of Commission activity under this policy is the provision of technical assistance and the direct support of coordinated human services planning and management at the state and multicounty or areawide level. At the federal level, the Commission must be involved in efforts to ensure that regional implications and impacts are more fully taken into consideration when federal policies and regulations are determined, as well as assist in fostering greater coordination among federal agencies with respect to program development and implementation.

In addition, the Commission will actively encourage and support the planning, development and initiation of regional and areawide human service delivery networks where specialization and cooperation among states and among localities is appropriate and cost-effective. Commission experience has demonstrated that the provision of human services on a multicounty or areawide basis frequently allows localities to achieve cost-savings through economies of scale, provide services which they could not provide on an individual basis and attain the minimum level of use necessary to justify provision of the services. Examples of Commission-supported activities of this type include primary care networks, multicounty emergency medical service systems, regional education service agencies and child development centers. The Commission will continue to support the design, implementation and operational development of such multicounty approaches to human service delivery.

Regional human service delivery networks are also potentially effective in improving the efficiency of delivering human services. These delivery networks can decrease unnecessary duplication among states in the provision of highly specialized services and training and can allow states to achieve economies of scale through the combination of both their resources and use of specialized services. Specific examples of areas where such networks may be beneficial include some types of secondary and tertiary health care, the training of specialized types of manpower through higher education and vocational training, and the use of basic facilities and services on an interstate basis where the pattern of population distribution, topography, and transportation networks are appropriate.

To develop regional human service networks, the Commission will work with appropriate public and private organizations to: identify specific areas where regionalization would be beneficial and cost-effective; design, develop and implement the networks identified; and assist in the identification and development of potential public and private sources of ongoing financial support. The latter will ensure the continuation of the networks after Commission support ends.

> The Commission will actively encourage and support efforts to develop, test and evaluate innovative approaches to the delivery of basic human services.

The purpose of this effort is to provide documented support for the Commission in its role as demonstrator of new approaches and advocate for change. Specifically, the Commission will continue to actively encourage and participate in the identification, operational development and evaluation of innovative solutions to critical problems of human service delivery in the Region, including: technological innovations; unconventional or new approaches to providing traditional human

services intended to increase access to the service (e.g., adapting urban-oriented approaches to a rural setting) or decrease the unit cost of service delivery; and delivery methods or services which are not currently reimbursable from existing federal and state resources. ARC's purposes in evaluating such innovations are: to validate new approaches and service delivery mechanisms and disseminate the results to stimulate replication in other parts of the Region and nation; to help overcome the inertia of conventional wisdom with respect to trying new approaches; to discredit unsuccessful methods and help avoid their replication elsewhere; and to provide documentation for the Commission and states to use in advocating changes in federal and state legislation and regulations to allow broader funding of effective, cost-efficient activities.

Health Objectives

To provide Appalachians with adequate access to basic health services emphasizing medically underserved areas.

The presence of an adequate and efficient basic health system is an important element in the development process and critical to the well-being of the Appalachian people. Therefore, to help provide Appalachians with adequate and efficient access to basic health services and to help resolve the Region's health problems on a long-term basis, the Commission will support the development of effective, financially viable basic health facilities and services, emphasizing the provision of such services in medically underserved areas. This includes institutional and organizational approaches to the delivery of primary health care defined as family-oriented, nonintensive ambulatory care provided by medical personnel including diagnosis, treatment, follow-up and referrals to secondary and tertiary-level services. Additional basic health services are home health care and areawide emergency medical service systems to deliver health services under emergency conditions resulting from either the patient's condition or natural disasters.

The Commission recognizes that the Region as a whole now has an adequate hospital network. Therefore, hospital construction will no longer be a major focus of Commission investments, although such investments may be made in areas which still have a clearly documented need (3.5 beds per thousand population or less).

Following the provision of adequate basic health services and facilities, the Commission will support the development of regional systems of secondary and tertiary health facilities and services. This activity will include the development of specific linkages between basic and higher level services to ensure continuity and completeness of health care.

To prevent the development of health problems in the Region.

The prevention of disease and other medical disorders is clearly the most effective approach to resolving the Region's health problems. In addition, the costs of prevention are frequently substantially less than the costs of curing problems once they have developed. Consequently, the Commission will encourage and participate in the development and initiation of preventive health programs in the Region, especially programs in immunization, health education, nutrition, disease detection, self-care and environmental health.

To increase the supply of health manpower in the Region.

The Region suffers from severe health manpower shortages. To help overcome this problem, the Commission will participate in health manpower training programs; efforts to attract and retain additional manpower; and the development and testing of new types of health manpower and more efficient approaches to utilizing existing manpower.

Education Objectives

To provide Appalachians with access to job-relevant vocational and technical education.

To assist Appalachians in obtaining specific skills directly relevant to their ability to participate productively in the Region's economic development, and to ensure the availability of an adequately skilled labor force as an essential element in the development process, the Commission has placed a major priority on the development of an adequate vocational-technical education system. Since 1965, the Commission has used its funds to help construct or expand more than 500 vocational education facilities and has insisted that the curriculum of these facilities be closely related to job opportunities in their areas.

Although some isolated locations still lack facilities, for the most part the Region now has an adequate network of vocational and technical education facilities. Therefore, the Commission will shift its investment focus from construction to equipment and operating grants to directly improve the effectiveness and efficiency with which current facilities are being used. Specific priorities will be assigned to investments which increase the job-relevance of vocational training and involve the development of new, more cost-effective approaches to the provision of training in Appalachia. Such investments include: guidance, counseling and placement services; teacher training; efforts to encourage greater cooperation between the education community, private enterprise and

the community as a whole with respect to the planning and implementation of training programs; and the development and evaluation of innovative approaches to vocational education that either lower the cost or improve the quality and job-relevance of the training provided.

To help ensure that Appalachians have the basic education skills needed to participate in the Region's development.

Many adult Appalachians are severely limited in their ability to participate in the economic development process by a lack of basic education skills in reading, mathematics and communication. To help alleviate this problem, the Commission will encourage and participate in the design and initial implementation of adult remedial education programs in these basic skills. In addition, to help prevent this problem in the future, the Commission will work with the education community to develop remedial education programs for the Region's school children. The Commission will also cooperate in efforts to decrease current student drop-out rates through special vocational education and work-study programs which begin in the early high school years. By meeting the student drop-out problem while the student is still in school and by increasing the direct relevance of the student's education to his future work-life, such programs are intended to increase the student's incentive to remain in school.

To help ensure that Appalchians are not disadvantaged by changing technologies and that they have opportunities to advance throughout their working careers.

As technologies and the industrial base of the Region change, many Appalachians suddenly find themselves with obsolete working skills. Other Appalachians have been unable to advance in their working careers due to an inability to further develop their skills and job qualifications. To help alleviate these problems, the Commission will participate in the design and initial implementation of programs in career education, recurrent adult basic education and vocational upgrading and retraining. In addition, as a secondary priority, the Commssion will participate in the development of an adequate regional library system as an important source of continuing education in rural areas.

Child Development Objectives

To help ensure that Appalachia's preschool children receive adequate and appropriate health, education and social services.

In contrast to Commission programs which concentrate on the provision of specific types of services to all elements of the Region's population, the child development program addresses the coordinated delivery of a wide range of services for a specific target group -- the Region's children under six. The rationale for this program focus is twofold. First, and most important, Appalachia's children represent its greatest resource for future development. The socioeconomic, health and education deficits characteristic of many areas of the Region can affect children in especially damaging ways, often resulting in costly long-term, irreparable physical and mental problems. Such problems inhibit or even prohibit these children from effectively participating in the development process as adults and may require costly long-term institutional care and public dependence. Frequently, such long-term problems can be prevented completely if the causes are alleviated or if the problem is identified and treated at an early age.

Second, Commission efforts in this area are based on a presumption that creation of an overall institutional capacity or agreements linking previously independent service organizations for purposes of providing a comprehensive range of services to children under six will result in the provision of a more complete, coordinated and appropriate set of services than will their independent provision through separate agencies. As a result of the greater efficiency of a comprehensive approach, it is expected that the unit costs of delivering services to children will be lower. In addition, because a combined set of services is more complete and appropriate to the child's needs, it is expected that they will be more effective in meeting the problems currently faced by the Region's children.

In accord with this rationale, the Commission will encourage and support comprehensive child care services and the early detection, treatment and prevention of disease and disabilities including: prenatal care; delivery of infant and immediate postnatal care; parent education in child care; educational, nutritional, social, medical and dental services for preschool children; preventive mental health services; emergency services, protection from child abuse; foster care and adoption services; and early rehabilitative services for preschool children with physical and mental disabilities. In addition, wherever possible, priority will be given to the provision of comprehensive day care services for children with working parents or parents who are currently receiving job training. Finally, the Commission recognizes the role of the Appalachian parent as basic provider of services to children. It is the Commission's intent to work with parents to extend the service capacity of the family. Therefore, efforts will be made to obtain parent involvement in the design and implementation of individual child development programs to ensure that the services provided are most appropriate to the children's needs and that they are suitable within the context of Appalachian culture and tradition.

Energy

The Commission recognizes the importance of an assured, economical fuel supply. Producing areas need to be assisted in meeting the special short-run problems caused by an expansion of output and the long-run problems caused when new energy sources again displace coal. The need for a wide distribution of the benefits of expanded output is also recognized along with the need for safety in extraction and efficient conversion and transportation of energy products. Conservation in the use of energy is essential, as is environmentally sound energy extraction and utilization. Overall, the focus should be on contributing to national energy needs and assisting energy-production areas, energy-related enterprises and energy consumers to face the new situation.

Objectives

To assist areas experiencing particularly strong impacts from energy-related development with their problems of providing essential human and public services.

Community development will continue to feel the impact of expanded energy-related production. The need for enlarged capacities to provide essential human and public services is obvious and the Commission can play an important part in assuring this is performed efficiently by the many agencies and levels of government involved. ARC is in a unique position to use its authorities to provide grant assistance, technical assistance, coordination, research and demonstration and advocacy to assist areas experiencing energy-related development. ARC should work with public and private agencies to identify areas that have or are likely to experience development pressures. Technical assistance should be made available to identify the points of impact within these areas, their scale and the likely sequence in which human and public service inadequacies are expected to occur. Development planning should be encouraged among agencies at all levels through the provision of leadership and financial and other resources to help assure the growth of efficiently-sized and efficiently-located communities. ARC's grant authorities should be used to encourage inter-community fiscal planning that recognizes that public needs may precede public revenues and that needs may develop in areas that do not include expanded energy activities. The sequencing and scaling of investments should relate capital and operating costs to long-term tax raising abilities. The funding of special demonstration projects that are incorporated into the multiyear, multiphased areawide action program should be one of ARC's special contributions to resolving a local problem that has important national policy implications.

To help assure a wide distribution of benefits from energy-related activities both through encouragement of large and small private enterprises and through an equitable system of royalties and taxation.

The long-term economic health of Appalachia depends on the continued development of two of the requisites of economic growth -- a tradition of initiating and managing businesses and financially strong communities supported by the incomes of its individual and industrial residents. Therefore, the Commission should continue its efforts to enable small mining enterprises to remain competitive by exploring cooperative processing and marketing organizations, and should seek to change or eliminate legal and administrative procedures that place an unduly heavy and uneven burden on smaller businesses. The research and demonstration, coordination and advocacy tools of the Commission will be particularly useful. Using the information it has already gathered and working directly with energy enterprises and regulatory agencies, ARC should become the mechanism through which the parties involved seek remedies for requirements which are unduly burdensome. Discussions held for this purpose might also be used to explore means to implement cooperative activities and ascertain other development needs of smaller energy-related businesses. Insights obtained should be transmitted to other public agencies and would become the basis for potential new Commission programs. ARC should also work with state and local governments to remove impediments to the creation of a system of taxes on income from mineral lands and production. Such tax systems should be designed to build financially strong communities that are able to bear the costs imposed by economic growth and that can provide a full complement of services to their residents. This system of taxes should also encourage wise use of mineral wealth by adjusting the price of fuel to more nearly reflect the full social costs of its extraction and processing. State-by-state and interstate examination of the potential for improving the equity of the tax system should be a priority concern. ARC should provide the factual basis for consideration of opportunities that are presently overlooked because of fears of interarea competition or because of uncertainty about effects on energy enterprises or demand. Exploration of the information needs should be initiated, followed later by public conferences that explore any opportunities discovered. Model legislation should be one of the products of this activity.

To encourage, help create and seek the vigorous enforcement of laws and regulations related to energy development at the state and federal levels that protect individual and community health and further the Region's economic and environmental welfare.

Unfortunately, the production of energy carries with it considerable potential for creating direct and indirect hazards. Deep mining of coal is particularly hazardous but all forms of mining can result in accidents and illnesses which must be minimized through appropriate, enforced health and safety programs. ARC should make a financial and technical contribution to ongoing assessments of existing programs and use its role as an advocate to seek their continued improvement. Beyond the direct hazards in mines are the indirect ones that affect community health. Solid, gaseous and liquid wastes on mining operations can have deleterious effects on the health of area residents and protective programs are necessary. The Commission should continue its efforts to identify and rectify these environmental health hazards. Programs of public education to stimulate awareness of the problem should be supported and ARC should require that areawide action programs consider the need for environmental health protection in their plans. Support should also be made available for monitoring programs that advance understanding of the environmental health implications of energy-related development.

ARC should also remain in the foreground of efforts to demonstrate that mining need not be environmentally unacceptable and that it can enhance, rather than diminish, an area's potential for achieving a more diversified economy. Regulation of mining practices, consideration of future uses of mined land and reclamation of formerly mined areas can enhance the prospects for development. Demonstration funding should be used to explore the potentials of a sequenced planning process that begins with mine design and permits, extends through the period of extraction and reclamation and continues into the postmining utilization period. The focus should be on creating opportunities for diversified and sustainable economic activity in areas that have been mined.

To encourage the conservation of energy in all its forms and the utilization of the most abundant types in an environmentally sound way.

Appalachia is not only a major producer of energy, it is also a major consumer. Along with the rest of the country, conservation in energy use is important to its long-term development and ARC, along with state and local governments should use its specialized knowledge of regionally unique conditions to be certain these are reflected in national conservation programs. For example, Appalachia is the largest, densely populated rural mountainous area in the country. This is a factor that affects regional gasoline consumption and those agencies developing policies that affect gasoline use should be made aware of this. ARC should therefore seek funding for development programs that will help redress the unequal burden placed on Appalachians by the increase in

gasoline prices stemming from public policy decisions. Given the severe winter weather in parts of the Region, the Commission should monitor the program to weatherize the residences of low-income persons to assure that the burden of fuel price increases is mitigated as fully as possible.

It is equally important for the Region's future as an energy producer and consumer that national policy emphasize the use of our most abundant energy sources in an environmentally sound way. An important element in the regional program should be a continuation of efforts to assure that technological development of Appalachian coal extraction, conversion and utilization processes receive adequate funding. Though there are potentially adverse environmental impacts from the use of some Appalachian coals, they have other important locational and physical advantages that should not be overlooked in the allocation of funds for research, development and demonstration purposes. ARC should make widely available the results of its research and development monitoring program, continue to apply it and develop further staff capability so it can become a more active participant in federal energy and environmental agency discussions and priorities. To the extent fiscally possible, ARC funding should continue to be used to encourage research and development that emphasizes regionally abundant resources.

The water resources of Appalachia help make areas in the Region the logical location for nuclear generating facilities and for fossil fuel fired facilities based on coal. Issues that transcend competition for water are involved. Vital issues concerning health, safety and the pace, type and location of development must be resolved. ARC should seek to provide the information needed to enable public discussion of these issues to be as full and free as possible.

> To help design, operate and maintain an efficient energy transportation system and to provide the labor and material requisites of expanded energy output.

Considerable national attention has been given to the need for increased energy production without comparable public notice of the input requirements to accomplish this. These can, of course, be critical to meeting output goals. The Commission is in a unique position to help see that these input requirements are available. ARC has already devoted considerable resources to the various modes of energy transportation -- rail, water and, particularly, highway. It must continue its efforts to assure that transportation bottlenecks in the form of insufficient carrying capacity from lack of investment or maintenance do not result in higher prices or reduced supplies of energy. The existing development highway and access road program should be directed, where necessary, to

energy transport requirements and the results of research into transport bottlenecks should be made available to transportation and energy agencies. Not only may these transport inadequacies inhibit coal transport, but the roads involved were intended to serve light passenger cars and school buses. The result of heavy coal truck usage is adverse to these types of essential traffic as well. Improvement of road conditions will be an advantage to both energy transport and local users. States and federal agencies should structure their tax systems so that the public costs of energy transport are borne ultimately by the users of the commodity and ARC should provide necessary technical support for the review of existing systems.

The Commission's vocational training program and the efforts of governments generally to assure safe and healthful working conditions can contribute to build a sufficient, adequately prepared work force of miners. Prior to the construction of additional training facilities, full consideration should be given to adapting existing physical plants for miner training. To the extent that ARC-supported facilities and programs become involved, appropriate balance should be required among the production, health and safety elements of the training process. The mining industry also requires large amounts of material inputs, some of them involving highly sophisticated equipment, which the Appalachian Region is in an unusually favorable position to supply competitively. To be able to do so would be an advantage to both the regional economy and the nation by providing these inputs at lower delivered prices. Efforts by ARC and others to serve the needs of the energy input industries can be advantageous from many points of view. Working with the states, ARC should identify these input requirements and those areas presently capable of supplying them. Impediments to increased output should be examined and, where appropriate for public action, the means to overcome them advocated. Opportunities for public programs to spur new development in these industries should be explored.

To encourage and demonstrate coal conversion activities that can contribute to national energy requirements.

The conversion of coal into electrical energy is a commonplace occurrence although technological advances are still needed to permit the environmentally sound use of coals with a wider range of characteristics, to reduce the use of water, to dispose of waste materials and to utilize more of the heat energy of fuels. The technologies for converting coal into more acceptable solid, liquid and gaseous fuels require even more significant technological advances although the basic processes are presently in use. In addition to the technological impediments to wider, competitive application of these processes, they also face institutional problems arising from legal restrictions,

community attitudes, environmental impacts and public and private fiscal constraints. The Commission has been actively involved in both the technological and institutional aspects of these problems. It must continue to be an important resource for the country and the Region by helping show how barriers of all sorts can be eliminated. With access that reaches the private sector and all levels of government, ARC can be a coordinating link among the numerous participants and contribute from its resources as well. ARC should examine the range of technical possibilities now available or likely to be available in the reasonably near future by continuing to appraise the existing federal research and development program for energy. After selecting those techniques with the greatest potentially favorable impact on the Region, the Commission should explore the barriers to their improvement and adoption and develop programs to hasten implementation that addresses the critical impediments. ARC funding can be used to supplement an advocacy role that is based upon a full understanding of the technical and institutional factors involved.

To assess the Region's potential energy wealth and the most effective ways to make it available by examining the human, health, environmental and economic implications of alternatives.

In the past, decisions about the method and sequence of energy extraction have been basically in private hands. The principal role of public agencies has been to respond to these initiatives. Their responses of regulation and adaptation in the provision of community services are not the sole possible activities of government. Working closely with the private sector, and with a full knowledge of energy production potential, local and state governments could examine the human, health, environmental and economic implications of alternative utilization programs. Cooperation of this nature could facilitate the satisfaction of government requirements by private firms; ease the job of providing adequate, timely and necessary services by government; and develop agreements on the future of energy production areas that are required for planning long-term development. Critical information and cooperation should come from efforts to assess the impact of energy research and development in the Region, from the examination of barriers to technological change, from the analysis of development opportunities for smaller energy enterprises and from the inclusion of energy development and environmental health considerations in areawide action programs. ARC should provide leadership, technical assistance and financial support for research and demonstrations and work to secure the cooperative involvement of federal and state agencies to achieve desirable patterns of energy development.

Natural Resources

The Commission recognizes that at certain locations the effects of past natural resource exploitation interfere with important development opportunities. These impediments should be overcome and existing natural resources should be used in a manner that does not create obstacles to future development. Using the Region's land and water resources to make the maximum environmentally sound contribution to regional economic development requires establishing priorities for their use, preserving critical areas, providing areawide water and waste treatment, and protecting the Region's residents from the worst effects of natural hazards. ARC should continue to demonstrate that environmental improvement programs can make a positive contribution to a regional development effort.

Objectives

To reclaim, protect and develop, as appropriate, the resources of these areas adversely affected by mineral extraction and timber harvesting.

Appalachia and the rest of the nation have paid a high social cost to prior mineral extraction and timber harvesting in the form of wasted land, strip benches, polluted streams and stunted second and third growth timber. Reclamation of past damages is important in selected areas where development is thwarted by these scars of the past. Remedial action in these priority cases should be continued and extended to additional areas where it can be shown that significant negative developmental impacts are likely to occur. The states, working through the Commission, should more actively explore for additional priority opportunities that can combine remedial actions with development. The Commission should provide technical assistance, serve as a mechanism for the interchange of experience and pursue adequate funding and expeditious administration of the reclamation program. Furthermore, new social costs of mineral extraction must be avoided through insistence on careful mining practices and restorative activities. ARC should work with those preparing regulations under the new strip mine law to assure protection of the environment without unnecessary inhibitions to regional economic development. In addition, constructive use can be made of the resources in damaged areas. In some cases, technological adaptation is required to put them to use, as in the case of new equipment adapted to shorter logs for furniture use. In other cases, institutional adaptation is also required. For example, benches may be used for housing or public facilities when the decision to do so is a

conscious element in a mining plan in accord with local and state development plans. Adaptations that can turn these regional opportunities into income and wealth for residents should be stimulated and supported. ARC should seek regulations under the new strip mine law that recognize the unique opportunities that strip mining can create for development at selected locations when in consonance with area development plans.

To minimize loss of life and damage to property from floods and natural hazards through use of structural and nonstructural measures and land-use policies and to assist postdisaster recovery.

Some areas of Appalachia have been repeatedly subject to the effects of natural hazards, many of which are intensified by topography and poor land-use practices. Narrow valleys that provide the only feasible construction sites and steep slopes that are prone to slides combine with past mining sites to make the Region particularly susceptible to sudden disasters. Though some of these are large and lead to the mobilization of national relief forces, many are small and isolated events that receive little in the way of outside aid. In addition, the systems for distributing assistance are subject to numerous regulatory and administrative frailties that can never fully undo the effects on the victims. It is important for the well-being of Appalachians and for future regional development that relief and recovery mechanisms be improved by designating lead agencies in advance. Even more important is the creation of adequate warning systems and the adoption of land-use policies that minimize exposure to the hazards while permitting orderly development. The Commission should use the results of its natural hazards study to urge remedial administrative action that can bring aid more rapidly and effectively following a disaster. It should support with funds and technical assistance the evaluation and (if feasible) implementation of warning systems and the creation, interpretation and dissemination of information about hazardous situations, such as potential flood, slide and subsidence areas. Public and private policymakers should be encouraged either to avoid such areas by information that suggests alternative locations or to adopt structural and other mechanisms that may minimize the adverse effects when disasters occur.

To establish critical areas for preservation, recreation and other uses and to devise suitable development programs for them.

Areas or actions may be deemed critical for any number of reasons. Ecological vulnerability or rarity, potential impact on established life styles, unique potential for recreation industry development, or key importance to some other activity, such as an energy industry impact area, are among the reasons why special concern might be required. When such concern is expressed, it should be possible to focus public and private planning, policy, regulatory and investment activities on these areas for their protection or for the protection of developments that would otherwise be impeded. Analogous to the reservation of industrial sites along development highways, a critical areas program, under careful safeguards, could benefit the Region by applying coordinated foresight to the use of resources that are unique in either the ecological or developmental sense or for protecting existing life styles. Little experience with programs of this nature exists and ARC should proceed on a demonstration basis to fund a small number of diverse critical area programs designed to evaluate the mechanisms employed and lead to new programs or changes in emphasis in existing ones. Cooperative involvement of numerous groups and governmental units will aid in the demonstrations and aid in dissemination of the experience gained.

To assess and set priorities for the use of the Region's water resources to ensure that such resources effectively meet conservation and development needs.

With few exceptions, water problems in Appalachia have not been caused by a shortage of water. Water quality, flood protection, recreation and transportation have been the more common water problems. This remains true to a significant extent, but attention must now also be given to competition for water among potential users. Adequate quantities of water may not be available in selected basins or subbasins for traditional uses plus coal production and conversion and other energy-related activities. Where competition among water users is likely to occur, it will be necessary to establish priorities for water use and technological guidelines for water use and quality. These priorities should reflect the impact of water use on the affected area's development plans and potentials. The Commission should work closely with the Water Resource Council, other federal agencies and state governments to see that regulatory procedures take into account the full development impact on the area. ARC should be responsible for monitoring the procedures and standards of these agencies to assure adequate consideration of development effects and provide technical assistance to those public groups who seek to bring developmental impacts to the attention of those making decisions about water availability and quality.

To provide for water and waste treatment needs on an areawide basis.

In some parts of Appalachia, conventional on-site water supply and waste disposal systems are quickly burdened when even modest degrees of population concentration occur. While these conditions can inhibit development as well as present environmental health hazards, it is beyond the likely financial capacity of the Commission to assist all affected communities. The funds available must be directed to those areas whose potential for development gives them priority while efforts are continued to find other funds for other areas. Regardless of the funding source, care should be taken to use techniques suited to each local situation and institutional arrangements that minimize the capital and operating burdens of the systems installed. Continued efforts by ARC and others to test potential physical and institutional arrangements are important because of the possibility that they may considerably reduce the costs to local areas. The Commission should examine the costs of service under alternative physical and institutional arrangements in areas experiencing differing patterns of growth and use the results to provide technical assistance to local areas, to make recommendations to funding agencies and to refine its own operating criteria.

To focus the wide variety of federal, state and local efforts on comprehensive environmental programs that are an integral part of a concerted development effort.

A hallmark of the Appalachian effort has been the attempt to integrate different environmental improvement programs and to make them contribute to more general development activities. Examples are the insistence that environmental improvements in areas of development potential be given priority; that the severity of environmental degradation be assessed in part in terms of its impact on development; and that occupational and environmental considerations be included in health programs. These efforts by ARC must be continued to demonstrate to and persuade other agencies that environmental programs must be viewed as part of a concerted development effort. New opportunities for the application of these concepts are particularly likely to appear in areas experiencing population and economic growth (for example, from energy production) where even basic environmental quality maintenance might not be the rule. This approach has special potential in such areas as small watersheds where a host of environmental problems are all closely related. The Commission should take the lead in advocating and implementing this comprehensive approach to environmental programs. It should use its available funds to induce other agencies to participate in demonstration programs that will document the utility of this approach and provide operating experience with it.

To use nonenergy related mineral resources to promote development.

Appalachia's mineral wealth goes beyond coal, oil and gas. From mica in North carolina and limestone in Pennsylvania to the ubiquitous stone, clay and gravel used in construction, the Region has historically contributed mineral wealth to the nation's economy. Despite years of extractive activity, there is still less than full knowledge of the extent of mineable supplies and less than full understanding of how to plan for their orderly use. New remote sensing exploratory methods give promise to providing much needed mineral locations and also new bases for devising environmentally sound development plans. Working with the National Aeronautics and Space Administration and state and local agencies, ARC should continue to explore the use of new techniques and include the results in development programs. To do this, it should work with local areas by providing technical assistance in the preparation of plans that will permit orderly development while facilitating the extraction of mineral wealth. Support should be given to investigations which seek efficient mineral output while protecting environmental quality.

To enhance the long-term potentials of the Region by encouraging the adoption of state and local land development policies for urban and rural purposes and their acceptance by federal agencies.

Land development patterns in Appalachia are constantly shifting: urban densities are declining; urban areas are spreading out into adjacent (usually agricultural) lands; random commercial, industrial and residential land uses appear in rural areas; "strip development" occurs along major highways into urban areas; mining and timbering occur in new areas; and transportation routes appear and disappear bringing changes in the geographic distribution of activity. Certainly not all of these are undesirable but they all do have bearing on the costs of providing public services on the tax revenues of local communities and on the creation of desirable opportunities for economic and community life. ARC, working with states and localities, should use its public investment programs, as well as its ability to demonstrate and persuade, to find those forms of planning and land development analysis that effectively deal with these relationships and further its development goal while preserving independence and initiative for the individual and local community. Investigations that document the costs and benefits of alternative approaches in terms of economic and other values should be undertaken to provide the broadest possible factual base for public decisions.

Government and Administration

Experience has confirmed the wisdom of the President's Appalachian Regional Commission's initial decision that two basic actions were necessary to assist the Region in its economic development: first, investments to provide basic facilities and programs not provided in the past but deemed essential to the growth of the Region; and second, a regional organization to allow maximum use of both existing and new resources in a continuing development effort. Previous sections of this plan have dealt with this two-fold approach and its implications for consideration of regional development in a broader national setting.

This section identifies the specific ways in which these two approaches are interrelated and reinforce one another in accomplishing the goals of the Commission. Consideration is given to four areas: first, the organization of the Commission itself and its relationship to the federal establishment; second, the participation and organization of the states and local development districts; third, policies for evaluation, and for research, demonstration and technical assistance activities of the Commission; and, fourth, public revenue systems.

Objectives

To strengthen the Commission as a joint federal-multistate, state and substate decision-making structure for developing and gaining acceptance for regional policies and for making public investment decisions.

With more than a decade of experience, the Commission has developed an intergovernmental system for planning, making joint decisions, setting development priorities and programming the investments necessary for a regional economic development program. This system provides an ongoing capability to relate available federal, state and local programs to changing conditions within the Region and to varying circumstances within the 13 states. It forms a flexible and adaptable institution participated in by all three levels of government and capable of targeting assistance and addressing attention to pressing problems. The recent extension legislation for the Commission placed new emphasis in Commission proceedings on the role of the Governors, provided a clear statutory mandate for the Commission's development planning process and gave a clearer recognition to the need for member states to identify the role of the local development districts in the program. However, three key policy issues still face the Commission: the need to strengthen

its relationship with the Administration and federal agencies both in administering its program and in advocating acceptance of regional policies; the need to discover appropriate ways in which the private sector can be more directly involved in Commission activities; and the need to consider reassessing the allocation of the Commission's funds among the states.

At the federal level, the Commission's success depends on its ability to gain the support of the Administration and basic federal agencies for joint and complementary actions to implement ARC policies and strategies. This involves, first and foremost, a strengthened voice for the Commission in the identification of the impacts of proposed national policy on the Region. The Commission should concentrate its available staff resources and those of its member states on identifying crucial regional issues to better equip the federal cochairman and the Governors to support Commission policies with the Administration and Congress. Second, similar efforts should be concentrated on working with the basic agencies responsible for administering Commission grant programs to clarify the responsibility for project funding decisions, joint use of Commission and federal agency funds and grant administration responsibilities. Finally, the Commission should concentrate its efforts and resources on gaining a broader acceptance among federal agencies for specific Commission strategies and priorities for the Region. To achieve these federal level actions, the Commission must more clearly organize itself to identify key issues and give them adequate follow-up.

It is essential that all available federal, state and local resources be enlisted in support of the economic development program for Appalachia and that the Commission organization provide a method for the direct and active participation of these governments. It is particularly important that a means also be provided for gaining the involvement and counsel of the private sector. A basic policy of the Commission -- making investments which will produce a multiplier effect -- depends in large part on private sector involvement. The Commission should explore means to encourage and facilitate an ongoing exchange with the private sector in the development of Commission policies and programs. The Appalachian development planning process and the regional plan are two methods of accomplishing this objective. They both provide for active public participation in the development of regional policies. Other methods such as joint ventures, advisory groups and formal procedures for consultation should be explored.

Since conditions within the Appalachian portions of the 13 member states vary, the allocation of available grant funds among the states presents a major policy question. Basic highway funds have been allocated to the states according to the number of miles in their approved Appalachian highway system. Nonhighway program funds, however, are allocated among the states from the overall area development fund according to an

allocation formula which considers land area, population and per capita income and includes a basic equality share for each state. As part of its assessment of changes in the Region, the Commission should consider reexamining this allocation formula to assure the best use of Commission resources.

To strengthen state organization and capability for the administration of development programs.

The states occupy a key, dual role in the Commission: they participate in developing regional policies and they tailor them to their own particular, more specific needs. To reinforce the impact of Appalachian Commission funds and policies, states must organize their Appalachian program efforts to draw on other public agency programs and resources. However, appropriate state responsibilities for the administration of the Appalachian program must be clarified in the context of the ARC partnership. This policy exploration should cover the whole range of grant adminsitration activities including project monitoring and evaluation, accountability for funds, audits and related responsibilities. As these policies are developed, realistic consideration must be given to the state's capacity and resources for additional responsibilities.

The Commission can assist the states in organizing to carry out their responsibilities through the provision of financial and technical assistance. Grant assistance has been made available to the states on a limited basis for specific purposes, such as program monitoring and evaluation, policy development and management assistance, and the state development planning process. For the states to realize the full benefits of this assistance, it must be accompanied by an exchange of information among the states and by technical assistance to the states from the ARC staff. It is particularly important for the states to communicate with one another on an ongoing basis, not only at Commission meetings. The Commission staff should assist with this activity and should provide needed technical assistance to the states and the districts.

In view of the crucial role that the states play in the administration of the Appalachian program, and accompanying the assumption of additional state responsibilities in the program, reconsideration should be given to providing financial assistance for both the planning and administration of the Appalachian program at the state level.

To continue to support and encourage local development districts to ensure local governmental and public participation in regional development programs.

The Commission has always stressed the importance of the LDDs as a means for the active participation of local governments, citizens and the private sector in the planning and implementation of regional development programs. All 69 Appalachian LDDs receive administrative grants to help them carry out their ARC program responsibilities. Their basic functions under the Appalachian program include: (1) areawide development planning through the preparation and adoption of areawide action programs (AAPs) stating areawide development strategies and funding priorities; (2) areawide coordination of planning, programming and technical assistance programs; (3) assistance to their member local governments in undertaking joint projects and combining service delivery systems; and (4) the provision of technical assistance to local governments.

All local development districts should establish an areawide action program and process that analyzes their assets and problems, identifies needs and formulates development objectives and strategies. Within the framework of Commission and state policies, the areawide action programs identify priorities for specific Commission-funded projects and activities at the local level. While the AAP appears at a very specific place in the ARC planning process, it has a broad overall objective. It is designed as a single process to identify areawide development policies and investments for use by as many public and private agencies as possible.

As the LDDs' role has developed and matured, the Appalachian states have provided the nation's most concentrated and comprehensive demonstration of how substate districts can function in a coordinating, planning and programming capacity for development programs. The increasing involvement and capability of the districts has raised questions regarding their appropriate roles and responsibilities. The basic issue has not been the need for districts to provide an approach that transcends jurisdictional boundaries, but rather the type of responsibilities that such districts should assume. There appears to be general agreement on the need for districts to provide areawide planning and coordination and there is little question about the provision of services and technical assistance in response to participating governments' needs. The major question appears to be the extent to which the development districts should directly administer programs and build projects and, if undertaken, the circumstances under which this activity is desirable and appropriate. The Commission should work with its member states in exploring this question.

To develop a project monitoring and program evaluation system which will assist the Commission in carrying out its Appalachian development planning and programming process by:

- Assuring that Commission investments are achieving their identified objectives in a timely, cost-effective manner; and
- Assessing the Commission's investments to assist the Commission in its role as a demonstrator of new approaches and an advocate for change in the Region.

A system must be devised to assure that Commission investments achieve their identified objectives in a timely and cost-effective manner. In support of the Commission's basic policy to demonstrate new approaches and to be an advocate for change, the results of the Commission's investments must be assessed to provide a basis for implementing this policy. In its program evaluation activities, the Commission will concentrate on assessing innovative activities in order to validate new technologies and service delivery systems, and to encourage and support their use throughout the Region and the nation. This application of evaluation activities should receive priority at both the Commission and state levels. As program evaluation activities are expanded, they should play an even more crucial role in decisions regarding continuation and refinement of existing programs and undertaking new program. Project monitoring activities are also essential in managing the Appalachian program and in assessing the performance of individual projects in relation to the specific objectives for which they were undertaken.

Both program evaluation and project monitoring activities depend on the active participation of member states. As part of its support for the Appalachian development planning and programming process, the Commission will continue to provide financial assistance to states to support this activity. The Commission will give priority to providing technical assistance to the states for developing evaluation programs, techniques and methodologies and for exchanging information among themselves.

To carry on a research, technical assistance and demonstration program which will clearly support and reinforce the Commission's goal of building a foundation for a diversified, self-sustaining economy.

The Commission's research, technical assistance and demonstration program is an integral part of its overall development program and is supportive of its planning, policy development and programming activities. Under the ARC research program, priority is given to research and demonstrations of regionwide significance and application, and to the development and support of new program areas and approaches which may be incorporated into the Commission's regular, ongoing activities. The Commission should continue to give priority to this activity and to assure that adequate funds are available (1) to support research and development activities necessary to design and develop new and innovative program approaches, and (2) to support new technologies and encourage new organizational and management approaches toward meeting the needs of the Region.

State-sponsored research, demonstration and technical assistance projects should be directly relevant to planning, policy development and program implementation for the Appalachian program within the state and should be directly related to goals, objectives and priorities identified in the state development plan.

Again, as discussed in the previous objective, the Commission and its member states must devote particular attention to encouraging innovative demonstration efforts and to assuring that the results, when proven effective, are made available, supported and encouraged through the Region. Too often the results of successful demonstration efforts are not made widely available and support is not given to encourage their use and acceptance. The Commission should explore all possible avenues to assure that demonstration results are capitalized upon. These approaches include methods for transfer of results through technical assistance and information exchange; support for additional reinforcing demonstrations in different settings and under varying circumstances; and incorporation of the results in ongoing program activities of the Commission and other agencies.

To encourage states and local governments to develop tax and revenue systems which draw fully on available revenue sources and which make the results of economic growth available to contribute to the continued development of the Region.

When the Appalachian program was established, the Region lagged behind the rest of the nation economically. Consequently, local governments frequently lacked the revenue base to take advantage of federal grant programs which required local matching money. The Commission's supplementary grant program was designed specifically to deal with this problem. As the Region strengthens its economy and as the property values, incomes and commercial and retail activities in the Region grow,

state and local governments must be encouraged to develop high quality equitable tax systems. These systems are needed to efficiently use the increased revenue base to underwrite programs essential for the continued development of the Region. In designing their revenue systems, states and local governments should consider the most efficient and equitable way to retain an appropriate share of the increased economic return produced from its human and natural resources for support of its own future development and maintenance of its environment and quality of life.

APPENDIX

Most of the data presented here is available in more detailed form in Appalachia--A Reference Book, available from the Appalachian Regional Commission, 1666 Connecticut Avenue, NW., Washington, D. C. 20235. Data covering topography, population, economic development, social development, natural resources and local governments within the Appalachian Region are presented giving detail down to the Appalachian portion of individual states in most cases. County (and in some cases individual city) data are maintained on computer files and are also available upon request.

Sources of data used in this report include the following:

1. 1970 Census of Population and Housing (fourth count file)

2. Gene Roback and Henry R. Mason, Physician Distribution and Medical Licensure in the U.S. (Chicago, American Medical Association, yearly)

3. U. S. Department of Commerce, Bureau of Economic Analysis, special tabulation for ARC (personal income)

4. County Business Patterns, (U.S. Department of Commerce, Bureau of the Census)

5. U. S. Department of Labor, Bureau of Labor Statistics, special tabulation for ARC (employment and unemployment)

6. U. S. Bureau of the Census, 1972 Census of Governments and 1967 Census of Governments, Volume I, Governmental Organization

7. Bituminous and Lignite Coal in the U.S., (Department of the Interior, Bureau of Mines, yearly)

8. U. S. Department of Commerce, Bureau of the Census, Current Population Reports, Series P-26 and Series P-25 reports from individual states

9. U.S. Bureau of Census, 1967 Census of Agriculture

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